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DENMARK

Schluter Rejects Coalition With SDP, Cites SF Ties

36130045a Copenhagen BERLINGSKE TIDENDE in Danish 30 Mar 88 p 3

[Text] Prime Minister Poul Schluter rejects a governing coalition with the Social Democratic Party, among other reasons because the party has close ties to the Socialist People's Party.

Despite new signs of a Social Democratic change of skin with vice chairman Poul Nyrup Rasmussen, Prime Minister Poul Schluter (Conservative) rejects all thoughts of a joint conservative and social democratic government.

"In any event, not in my time," Poul Schluter said.

Not the least of the reasons Schluter so stoutly rejects a coalition of the Social Democratic and the Conservative People's Party is that in recent years the Social Democrats have closely tied themselves to the impetuous Socialist People's Party.

"Owing to the Socialist People's Party's success with voters, the Social Democratic Party has let itself turn to the left. This is the main reason I speak so negatively of the possibility of a joint government with the Social Democrats. I have no reason to believe the Social Democratic Party will turn its back on the Socialist People's Party for some years to come. They simply wouldn't dare. That is their most serious mistake."

At Christiansborg, interest has been aroused by the fact that the new vice chairman of the Social Democratic Party, the director of the Wage Earners' Emergency Fund, Poul Nyrup Rasmussen, has come out in favor of decentralized solutions and also said that the Social Democratic Party cannot continue as the guarantor of individual security.

The prime minister doubts that Nyrup Rasmussen is backed up on his startling statements by the party's parliamentary group.

"Nyrup Rasmussen's attempt at new thinking is interesting. He is not a regular visitor to the Folketing group, and that may have given him extra scope. When the Social Democrats have their congress in the fall, we'll see if he has the party behind him."

"In recent years, Social Democratic policy has been old-fashioned and reactionary. In many areas new thinking is needed but the question is whether the party will be able to free itself from the old ballast with all its labor union concern and its extensive economic interests.

Does Nyrup Rasmussen really stand for a decentralization of an economy run from the top when we talk about his big fund in connection with Economic Democracy? I'll have to see it before I believe it," Prime Minister Poul Schluter said.

12789/06662

Foreign Minister, Socialists Agree on Foreign Aid Changes

36130045c Copenhagen BERLINGSKE TIDENDE in Danish 28 Mar 88 p 3

[Article by Thorkild Dahl: "Concentrated Aid to Developing Countries"; first paragraph is BERLINGSKE TIDENDE's introduction]

[Text] Aid to developing countries is now given to 66 countries. Foreign Minister Uffe Ellemann-Jensen wants to limit this number to 15-16 and is supported in this by the Social Democratic Party.

"It will quite simply be more practical to concentrate Danish aid to developing countries on fewer countries. And business and industry support this, too."

So said Foreign Minister Uffe Ellemann-Jensen (Moderate Liberal), who has now received a comprehensive report from the ministry's foreign aid department, DANIDA, on a concentration of Danish resources and energies.

Denmark annually spends about 6 billion kroner on aid to 66 developing countries. Most of the money goes to a number of international organizations and to the four so-called principal recipient countries, Kenya, Tanzania, India and Bangladesh.

This means many countries each receive a smaller amount. Denmark has its own foreign aid offices in just eight developing countries, and at the Foreign Ministry few workers often have the aid projects of a number of countries on their desks.

The Social Democratic Party supports the Foreign Ministry's suggestion to concentrate Danish foreign aid on fewer developing countries, said Helle Degn, a member of the Folketing.

Ove Munch, the director of the Industry Council, said Danish business and industry cannot be interested in such a wide spread of developing country projects as have existed thus far, and business and industry therefore support a concentration of energies.

12789/06662

Leftist Socialists, Communist Party Call Off Electoral Alliance

36130045b Copenhagen BERLINGSKE TIDENDE in Danish 25 Mar 88 p 4

[Article by Ole Dall: "Leftist Socialist Party and Communist Party of Denmark Cancel Wedding"]

[Text] The Leftist Socialist Party and the Communist Party of Denmark are now indirectly preparing Poul Schluter's (Conservative) chances of continuing as prime minister after the next election. The two left-wing parties have abandoned their thinking about a joint list in the next Folketing election. The aim of the list was avoiding a loss of votes on the left, inasmuch as neither the Leftist Socialist Party nor the Communist Party of Denmark could reach the minimum 2 percent needed to achieve representation in September's election.

But together the two parties had 2.3 percent of the votes, and if the parties' voters would support a common list, that would guarantee the left four seats in the Folketing.

"The Communist Party of Denmark believes that electoral cooperation among the three parties is an excessively constricted construct, and we don't want a long, bitter fight with the Communist Party of Denmark over the issue," Keld Albrechtsen, a former Leftist Socialist member of the Folketing, said yesterday in a meeting with the press.

12789/06662

Communist Youth Organization Holds Congress, Elects Chief

36130050b Copenhagen BERLINGSKE TIDENDE in Danish 5 Apr 88 p 2

[Text] Niklas Gudmundsson, the newly elected chairman of Danish Communist Youth, DKU, called for the formation of a youth alliance on the political left wing. This appeal was made at the 37th DKU congress which was held over Easter. At the congress the 24-year-old Gudmundsson replaced former chairman Ole Jensen.

06578

Christian Party Beset With Departures

36130050c Copenhagen BERLINGSKE TIDENDE in Danish 2 Apr 88 p 3

[Text] In the first 2 months of this year the Christian People's Party lost 155 members.

Dissatisfaction with economic policy and insufficient emphasis on the Christian People's Party's own profile were cited as some of the reasons members were leaving the party.

In the first 2 months of this year the party lost 155 members, leaving it with a little over 900 members, according to the party organ, IDE-POLITIK.

Most declined to say why they were leaving the party. Others pointed to the economy and 16 cited dissatisfaction.

06578

Paper Views Increasing Fissures in Coalition Parties

36130050a Copenhagen BERLINGSKE TIDENDE in Danish 2 Apr 88 p 10

[Editorial: "Half Done is Well Begun"]

[Text] The government has a "Bible": Prime Minister Poul Schluter's opening speech to the Folketing on 6 October 1987. In the speech the prime minister stated—against the background of the election a month earlier—that the government will make a deliberate effort to bring about the broadest possible cooperation within the Folketing and that the government and the Folketing must work with business and labor organizations to deal with the major and vital tasks in the years ahead. This opening speech signalled a change in the government's political strategy. The voters had elected a Folketing that can only function if there is broad cooperation on what Poul Schluter has called a policy that unites the middle spectrum. That is the price of retaining government power and it is worth paying.

Two months later the government reaped the first results of broad cooperation and three-party negotiations: the 1988 budget agreement, which included the employer tax changes, the "export package" and a so-called social restoration package at a cost of 2-3 billion kroner. At the same time the agreement was the opening salvo in future three-party negotiations, this time about the promotion of pension savings funds.

Thus, since the beginning of the year a discussion of the government's economic policy strategy has been going on in the government parties and especially in business circles that are normally close to the government. There are signs of revolt in the Liberal Party and the Conservative membership decline is also a result of cooperation across the middle. All in all, a tendency toward dissolution can be detected in the nonsocialist cooperation. And it no longer helps to circumvent these problems. If, as we hope, the attitude that the four party cooperation should continue with reference to solving the economic problems and keeping government power in nonsocialist hands still prevails, the four parties must make a serious effort to pull themselves together. This applies to the

cabinet ministers, the Folketing groups and party officials—everyone must pull together or the Social Democrats could regain their "birthright" to form a government—a right that the Radicals have the special privilege of conferring, due to the composition of the Folketing.

It is the central position of the Radical Liberals that has decisively influenced political reality, greatly restricting the government's opportunities to pursue party program policies. The government's existence depends on loyal Radical support of the prime minister. In addition the government must either have the support of the Social Democrats, whose willingness to compromise is limited by the Socialist People's Party [SF], or of the Progressives, with whom the Radicals have forbidden the government to cooperate. That is the political reality that must never be forgotten when one evaluates the government's results.

Take the "Christmas package" as an example. What was the alternative? An election only 3 or 4 months after the one we had in September? Or should the four party government have simply given up, as the Social Democrats did in 1982? And what would the consequences of a government change have been? Presumably export businesses would not have benefited from a change in employer taxes. On the other hand the Social Democrats would probably have spent billions of kroner more on increasing things like unemployment benefits, which would have immediately fueled wages. And the increased transfer income would have been financed by a sales tax on securities transactions.

The prerequisite for being able to go on achieving acceptable results in the future—for example in discussions on pension reform—is clearly that the government parties keep in step and place collective effectiveness above party egotism. At the same time they must indicate the government's goals more precisely. That places big demands—not only on the cabinet ministers, who must function to a greater extent as a team, but also on the parties that support the government: More of them must take the offensive. It is not enough to indicate a clear nonsocialist orientation by rejecting the Social Democrats' demands for a zero solution in defense policy and by presenting proposals to shut down Christiania—positions that do not have majority support in the Folketing, but are backed by the four parties' voters. They must also outline more precisely the goals of their "pincers maneuver" in the sensitive political economic area, e.g., an active business policy in combination with modernization of the public sector. What should the division of labor between the two sectors be in the future? Answers are welcome as long as they are not in conflict with the government's "Bible." If the government cooperation is to continue, everyone must accept the fact that at times participation in a coalition government can blur the profile of an individual government party. The key word is self-discipline. It is a bad habit for

a party to profile itself at the expense of other government parties, just as it is a bad habit to sell out the government's policy before it is absolutely necessary—with the result that the opposition demands one more concession. The same is true of the tendency to issue ultimatums to one's cooperating partners.

The four government parties now have more than 5 and 1/2 years of experience that unity, effectiveness and optimism are compatible and can provide nonsocialist Denmark with great influence. But there are many indications that the Social Democrats are also realizing how important it will be to have government power in the next decade, when there will be an unprecedented adjustment of Danish society to the actual economic conditions, technological possibilities and cultural variety of the 1990's; either on the dynamic terms of private capitalism or as part of the development of a restricted fund socialism.

Government power is and will continue to be the key to real influence over the direction of Danish society as it heads into the next century. Therefore, it should remain in nonsocialist hands, which is also the objective of the political strategy in the government's "Bible." This should not be forgotten when one critically evaluates the government's daily activities and calls for clear new goals.

06578

FINLAND

Mysterious 'Kunto Kalpa' Challenges Political Taboos

36500085 Stockholm DAGENS NYHETER in Swedish
20 Mar 88 p 10

[Article by Stefan Lundberg; first paragraph is DAGENS NYHETER introduction]

[Text] The press devotes more space to wondering who the mysterious Kunto Kalpa is than it does to analyzing the enthralling content of his writings. He seems to get his information from the top political circles.

Finland's most sought after person calls himself Kunto Kalpa. Who is this mysterious Kunto Kalpa who makes the hair stand up on the necks of politicians in Helsinki? A good many Finnish politicians and journalists would like to have the answer to that question.

Kunto Kalpa is the mysterious writer in the Center Party newspaper KESKISUOMALAINEN, which is published in Jyväskylä. Kunto Kalpa has taken it upon himself to be the thorn in Finland's foreign policy flesh. It is he (or she or they) who time after time has sharply criticized the domestic and foreign policy leaders (president, minister of foreign affairs and prime minister) for what they have done or allowed to be done—who thinks out loud but under cover of anonymity.

Only two people know who Kunto Kalpa is: KESKI-SUOMALAINEN's editor in chief, Erkki Laatikainen, and Kalpa himself. Unless Kalpa is actually more than one person.

Kalpa's unsolved identity is spreading discomfort among the top politicians, who have no idea who that fierce critic of Mauno Koivisto's foreign policy is. One of their own—a fifth columnist!

Not even Helsinki University's computer has been able to figure out the pseudonym.

Number-One Topic of Conversation

When Kunto Kalpa fires off his salvo, his column immediately becomes the number-one topic of conversation. It is Kalpa who has dared to touch on every sensitive issue but, as is characteristic of the Finnish climate of debate, he has done so using a pseudonym.

Kalpa has done something so unforgivable as to accuse the government of showing no initiative in the crisis-ridden area of trade with the Soviet Union. Kalpa has demanded that President Koivisto tackle trade with the East just as vigorously as his predecessor Urho Kekkonen did. Kalpa regards that lack of initiative as the next thing to being "anti-Soviet." This is considered bad manners.

Equally annoying is the way in which Kalpa has drawn attention to the final communiques that are always issued following official visits to the Soviet Union or Finland or in connection with party visits. In communiques defining relations between the two countries, every word is weighed with the greatest care.

Kalpa claims that the Social Democrats have yielded to the CPSU in those joint communiques. There has been no acknowledgement of Finland's neutrality policy, something which the Center Party included in its similar communiques with the Russians. In those contexts, a reference to the neutrality policy is regarded as a matter of the first importance.

Kalpa also accuses Finland outright of going along with the terminology and wording used by the Soviet Union in its psychological arm wrestling with the United States.

Kalpa also succeeded in shaking the heavens when he pointed out that Harri Holkeri's government, like the Kalevi Sorsa government which preceded it, had omitted from its government program the statement that the government pursues an "active neutrality policy aimed at keeping peace." Minister of Foreign Affairs Kalevi Sorsa regarded Kalpa's criticism as an "attack on the president."

Selective Morality

Concerning Kenyan President Moi's attention getting visit to Finland, during which his hosts tried to gloss over human rights violations in Kenya, Kalpa bluntly wrote that the morality of Finnish foreign policy is selective and dictated by political expediency.

Kalpa also succeeded in throwing the foreign policy leadership temporarily off balance when he claimed that Minister of Foreign Affairs Sorsa and the latter's officials made fools of themselves in Moscow when, being poorly prepared, they were unable to include statements that would have strengthened Finland's neutrality policy in the final communique published following President Koivisto's visit last fall. Instead, according to Kalpa, the statements were further weakened from Finland's standpoint.

Ever since Kalpa first turned up a little over 2 years ago, all attempts to discover who is behind the pseudonym have failed. Journalists have played detective. They have turned the pseudonym over and over in their minds. Some say they have heard that the person behind it is a Social Democrat, while others know for a certainty that he belongs to the Center Party.

The serious SUOMEN KUVALEHTI went so far as to use Helsinki University's computer to make a thorough semantic analysis of the style of writing employed by the "likeliest suspects" and then compared the results with Kalpa's writing. There were many signs pointing to opposition leader and long-time Minister of Foreign Minister Paavo Vayrynen, but there were also many indications contradicting that theory.

From Top Circles

Kalpa hints that he picks up information from restricted circles at the very top of political life. It also seems likely that he has been present when high-level decisions were being made.

That makes KK [Kunto Kalpa] even more annoying to men in power—no one is above suspicion.

Typically, the press devotes more column inches to wondering who dares to say what no one else would/dare to say than it does to analyzing the content of what he writes. Or to carrying the debate further.

What people agree on is that Kalpa has a very sound knowledge of Finnish foreign policy. Despite that, leading politicians have done their best to belittle Kalpa.

"There is some contradiction in the fact that Kalpa is getting incredible publicity in the rest of the media while the politicians are taking a patronizing attitude," says KESKISUOMALAINEN's editor in chief Erkki Laatikainen, whose newspaper is making a good living off of KK.

Laatikainen justifies anonymity as being the only possibility. The writer cannot appear under his own name. Laatikainen does not say why.

"I have been critized for this, but my conscience is completely clear."

Kalpa himself justifies his pseudonym by saying that it is still such a crime to say anything against those in power in Finland that one "is persecuted down to the second and third generation."

11798

NORWAY

Syse on Chances for New Nonsocialist Coalition, Campaign

36390049 Oslo AFTENPOSTEN in Norwegian
26 Mar 88 p 3

[Article by G. Salvesen: "Syse Banks on Nonsocialist Rule: We Have the Issues for '89!"]

[Text] "There has to be a nonsocialist government after the 1989 election. The middle parties have been our natural partners of cooperation, and we hope they will make this their goal again," says Conservative Party leader Jan P. Syse. Recent disagreement between the Conservative Party and the middle parties over a series of issues has not deprived him of that hope.

Surprisingly full of energy after an arduous 10-day trip to China, the Conservative leader is now ready to put his party on the front page. On the table before him, he has a bunch of key issues that will be successful in the 1989 election—he is convinced of that. But the Conservative Party must have the help of others to regain power, and who those others will be is uncertain. During final discussion of the wage law, there was again a difference of opinion between the Conservative Party and the two former parties of cooperation. Has the distance now increased further?

The Middle Parties

"No, it hasn't. The distance was greater in the period before 1981. But the solidarity is essentially such that it cannot reemerge unless all the parties stop supporting the incumbent government," says Jan P. Syse.

But haven't the three parties gone their separate ways on issue after issue?

"It's understandable that they emphasize their individuality during this period."

How would the Conservative Party leader characterize the current relationship with the middle parties?

"I would say that we have a relationship which may make it possible to work together again in the government. The Conservative Party will do its best to reduce the distance that exists."

But the Conservative Party is now promoting its own alternatives on several issues, including the wage law. Is this a suitable way to get the three parties together again?

"Yes, we have to do it to make the alternative to the government's policy clear. After all, that's the point of having an alternative. And we have the patience to wait for the other two to join us."

Will it be necessary before the 1989 election to lay on the table a joint and detailed plan of action in order to be an authentic government alternative?

"A loosely formulated statement of intent may be enough, but there's no reason now to speculate on further details."

Conservative Party and Christian People's Party

Syse says that the most important question is what majority combinations one gets after the election. He does not rule out a government of the Conservative Party and the Christian People's Party with parliamentary support from the Progress Party.

"The Progress Party considers itself the right wing's answer to the Socialist Left Party. The Progress Party's relationship to a Conservative-led government can then be viewed in the same way as the Socialist Left Party's relationship to the Labor Party."

Is a collaboration of the Conservative Party and the Christian People's Party the most likely situation?

"Well, the Conservative Party and the Christian People's Party stood together in June of last year, but the Center Party broke away. They, themselves, must now decide what they want. They have to find out what they want, and want to get it."

Concerning the wage law, Syse says that the Conservative Party, as a responsible party, will participate in bringing the country out of its crisis. The Conservative Party cannot accept the form in which the law is written—a form which conflicts with crucial principles. That is the reason the party has launched its own alternative. The pension readjustment is the most important reason the party cannot accept the law.

Key Issues

What are the Conservative Party's key issues and campaign strategy for the future? Syse names a handful: tax policy, privatization, school policy, environmental policy and plans to combat violent crime.

"Tax policy and lower tax rates because efforts must be stimulated. Privatization because the state's money must be put to use. School policy because it is essential in the 1990's to make our schools among the best in Europe. A plan of action against crime because it is a matter of everyday security for people who live here. But without a well-organized economy, all promises to make an effort are empty talk."

Viewed as key issues, don't they now seem to be outdated?

"Compared to the policy the government now pursues, they are new policies. Quite simply, they are different policies and will give the nation a lift into the future. The Conservative Party is the driving force here."

Weakest Point

What is the Labor Party's weakest point at the moment?

"Its biggest problem—and thereby the nation's—is the conflict between traditional principles and the practical policy which is necessary for the nation. That's where the Conservative Party now has the big advantage: it has ideas that work. Look at Jagland & Co. They don't do anything but bicker publicly among themselves because this conflict bothers them in their daily lives."

So what is the Conservative Party's weakest point at the moment?

"The fact that we don't have a majority in the Storting."

12327/6091

PORTUGAL

Poll Reveals PSD Loses Voters, But Still Ahead

Abstention Rise

35420062 Lisbon SEMANARIO in Portuguese
19 Mar 88 p 8

[Article by Jose Pedro Barreto]

[Excerpts] If elections were held now, 600,000 fewer people would show up at the polls than was the case last month. The considerable increase in the abstention rate is the most obvious factor in this NORMA "election" poll which was taken from 10 to 29 February.

Besides, it is the increase in abstentions in relation to stated preferences which allows the larger parties to maintain their level of support in terms of percentage. The PSD, for example, obviously benefits from this. Despite its loss of approximately 200,000 voters, it went up one point. This explains why the government's fall in popularity, detected in other polls published by SEMANARIO, has not yet had any repercussion on its electoral results.

POLL RESULTS

| | JAN.88 | FEV.88 |
|------------------------------|--------|--------|
| Abstain | 14.6 | 21.1 |
| CDU | 8.9 | 10.7 |
| CDS | 4.0 | 2.9 |
| PS | 18.0 | 19.9 |
| PSD | 37.0 | 34.0 |
| PRD | 2.8 | 1.6 |
| Others | 2.6 | 3.4 |
| Blank/Void | 2.0 | 1.0 |
| Do not respond/ Undecided | 24.7 | 26.5 |

| | JAN.88 | FEV.88 |
|------------------|--------|--------|
| Abstain | 20.8 | 29.0 |
| CDU | 10.6 | 12.8 |
| CDS | 5.4 | 3.6 |
| PS | 24.5 | 25.9 |
| PSD | 48.8 | 49.8 |
| PRD | 4.6 | 2.9 |
| Others .. | 3.0 | 4.0 |
| Blank/Void | 3.1 | 1.0 |

Voter Loyalty

| | JAN.88 | FEV.88 |
|--------------|--------|--------|
| Abstain | 41.0 | 61.8 |
| CDU | 79.8 | 87.2 |
| CDS | 64.3 | 78.2 |
| PS | 74.2 | 79.6 |
| PSD | 74.1 | 68.5 |
| PRD | 50.1 | 25.7 |

The same occurs with the PS. It experienced a similar percentage increase while holding on to approximately the same number of voters. The recent events on the question of socialist leadership left the PS's electorate unchanged. The CDU also shows a notorious electoral stability accompanied by a slight upward tendency. This Communist Party led coalition also benefits from the ratio of abstentions to stated voter preference. It gains approximately 2 points.

The CDS and the PRD are the ones to suffer the most. The Christian Democrats show a downward tendency in voter support and they are the source of many abstentionists. Their support decreased approximately 2 percentage points as they went down to less than 4 percent. As for the reformers, they continue to lose voters. Their support decreased by approximately 100,000 votes from one month to the next. Their level of support is now below 3 percent which is surpassed by the obscure vote shared among all the other small parties.

More Indecisive

This rise in abstentionism is accompanied by an also significant rise in indecision. The number of undecided was, according to NORMA, 24.7 percent in January and it increased to 26.5 percent in February. It should be pointed out that these people are not necessarily potential abstainers. Rather, they belong to the large number of people who have yet to make up their minds about which party they would choose if the question were asked at the polls. Without elections on the horizon, almost 30 percent of the Portuguese fall into this category.

Forecasting the behavior of the undecided voters, according to scientific models, allows us to extrapolate the poll's results and present a picture of the vote if an election were held today. The model used here presumes that the undecided voter of today will behave the same way as those who were undecided in 1987 and finally chose a party, a coalition of parties or decide to abstain. The specialists consider this to be a more adequate model than to consider, for example, that the undecided voters of today will decide to vote as they did in 1987 (or abstain). This NORMA poll also analyzed voter loyalty. According to traditional Portuguese electoral data, the results are not surprising. Eighty seven percent of the people who voted for the CDU in 1987 would vote the same way today. This figure does not contradict the traditional loyalty of the communist electorate. It even shows that this loyalty is strengthened in relation to the previous month.

The CDS and PS also show some progress in solidifying their electorates, although at a lesser level (78-79 percent). As for the PSD, 68 percent of its 1987 voters remain loyal. This represents a reversal from January's figure of 74 percent loyalty.

As in the previous poll, it is the PRD's electorate that is by far the most volatile. If the reformers had lost half of their 1987 vote in January, they now only have a quarter of it.

Technical Notes

1. Population: The population considered for this poll is comprised of the entire population of continental Portugal that is more than 15 years old. Residents of localities with ten or less homes were excluded. The number of individuals who meet this criteria is estimated to be 7,465,000 for 1988.

2. Sample:

2.1 Sample selection: A random sample was chosen arranged by region (geographic dimension) and habitat (sociological dimension) and without any proportional strata representation in anticipation of a degree of heterogeneity for the sample distribution. During the data analysis phase, a system of weight factors at the stratum level and age, sex and socio-economic class would render the sample representative of the population. Sample selection was multifaceted: using random selection techniques, localities, and sample points were selected at each stratum. In each locality, using a random route method, starting from random points, homes were selected also randomly and in each one of these individuals are selected through the KISH method (one individual in each home).

2.2 Sample size: The sample consisted of 993 interviews.

3. Technique: The technique used consisted of the direct, personal interview held in the person's residence using a structured or semistructured questionnaire.

5. Supervision: Approximately 17 percent of the work done by each pollster was checked by NORMA inspectors (10 percent through a personal revisit and 7 percent through telephone contact) to test the validity of the questionnaires and the selection techniques.

Poll Results Analyzed

35420062 Lisbon SEMANARIO in Portuguese
19 Mar 88 p 6

[Text] To put it calmly, the political period we are going through is complicated. The threat of a general strike and the labor front that has formed, a certain resurgence on the part of the PS as a result of its effort to maintain unity, the pressure from sectors to the right of the PSD because of the pace of the reform, the resistance by various and opposing interests to the announced reforms, the upcoming PSD congress accompanied by some "floral games" of positioning (high or low), some skidding on the part of the government (normal after months of preparing for action), these are all factors that complicate the life of the Cavaco Silva government.

Meanwhile, the poll published today by SEMANARIO concludes that the PSD reportedly improved its share of votes in relation to a similar poll conducted in January and that the CDS, despite having, meanwhile, held its party congress and now being led by Freitas do Amaral, decreased its share of voter support. Therefore, in macropolitical terms, the month of February ended with a strengthening of the government's position. This despite a regular decrease in the approval and popularity rating the government gets from the people. This is, therefore, an apparent paradox that some will use to question the validity of the polls themselves, since to

question the quality of the institute that executed it (or to question the other institute that also regularly collaborates with this newspaper) is clearly out of the question.

I believe this is merely a superficial paradox as (as a matter of fact) the article published on page 8 explains. However, the semblance of paradox does not mean that the leadership of the PSD and CDS (both of which will be discussed here) should not think it worthwhile to ponder it attentively and without excesses of optimism and pessimism. As we will shortly attempt to explain.

The improvement in the results obtained by the PSD as compared with January's is a triumph, since it is always agreeable to improve the share of potential voters. At the same time, however, in one month the PSD lost 10 percent of its secure intended vote. The paradox results from the fact that this loss added to the number of undecided and abstaining voters and did not revert in favor of another competing party. As a result, the PSD does not have reason to be very euphoric. Although, it may be able to say that it is still perfectly possible to recover those voters who left the party. Besides, the erosion is sufficiently weak so that Cavaco Silva does not face any prospect of a solid alternative forming.

From January to February, the CDS for its part, experienced a drop in its share of potential votes. This is an even greater reason for pessimism when it would have been expected that the party congress and the reentry of Freitas do Amaral into the party would have caused a share increase. Meanwhile, this pessimism is tempered by moderation. In fact, the party's loyalty index increased. This seems to prophecy that the hard core of the centrist voters is secure. And it is known that this security lays the groundwork for a potential growth strategy. However, the pessimism has a reason for being. Despite everything, in broad terms, nothing allows us to think that the CDS and its leader are in a position to take a deep bite into the PSD voter base, at least not in the short term.

There are some explanations for this. The least of these is certainly not the fact that Freitas do Amaral felt obligated to rely on a radical antigovernment stance to win the leadership of the CDS (a party traumatized by the Cavaco wave) without arousing alarm. General public opinion was not prepared for this offensive, as a result, some ricocheting effect was naturally felt. Thus, the first rule can be stated: in the short and even in the median term antigovernment radicalism will not reward the CDS. It merely serves to "loosen" voters to the leading opposition party, the PS. The latter obtained an unequivocal success in this poll. It increased its share of the intended voted, the percentage and loyalty of voters.

Another explanation for these results concerns the substantial heating up of the political atmosphere which has been felt since January. After a phase of indifferent consensus in Portuguese society, the increase in social protest in the large urban centers and especially in

Lisbon has further polarized the nation. The common voter took positions in favor or against the government which, as a matter of fact, is an old and normal rule. Cavaco Silva's fictitious popularity decreased. But naturally it also made it more difficult for those who were and are against the social agitation to stop their support, which, as a matter of fact, is where many of the CDS's current and potential voters find themselves. This allows us to formulate one more rule: the increase in the polarizing tension favors the government over its opposition to the Right.

There is a third explanation that should not be forgotten. Conservative voters adapted to the Hondt method faster than those on the Left. Voting for the PSD emerges for many important sectors of voters who are politically (although not ideologically) motivated as a way to prevent a victory by the Left. This factor strongly affects the actions of the CDS no matter who its leader is. This calls for putting forth a third rule: the growth of the CDS requires a marked decrease in the idea that a vote for the PSD is a "useful vote for the Right," which is not an easy task.

There are many explanations. However, one thing is certain, Freitas do Amaral is going to have a difficult challenge in the months ahead (thankless months as are all those that do not come before an election). In the end, it is a struggle against the idea that his defeat in the presidential elections (due to various circumstances that followed) marked the death knell of his political strength. The Portuguese are specialists in considering the death of politicians and they are ungrateful to those who do not win. This only helps complicate reality, no matter how unfair this is.

Meanwhile, I feel there is nothing more wrong than a hasty rationale of the February poll. Freitas do Amaral's political rhythm is not short-term violence but the wave of the long term. That is how he made it through the revolution and grew until he formed the coalition with Sa Carneiro. His strategy is not to replace Cavaco but to become electorally indispensable to the prime minister. To do this he does not need many votes, only those necessary to ensure that an absolute majority is only possible in coming elections through an agreement with the CDS.

This being so, the difficulties Freitas do Amaral will face (very probably within his own party) will not in and of themselves be signs of death although they may be more difficult than the 1985/86 campaign. This is because man's greatest battles are not so much with others as within himself, not so much with reality as they are with phantoms, not so much with occupied lands as with open spaces.

What this also undoubtedly confirms is that the decreases in popularity should not excessively concern Cavaco Silva. For good or bad, according to the observer's point of view, the prime minister is the master of the

political game in Portugal even in a nonelection year. The Mario Soares factor has to be taken into consideration but not in a serious manner. This winter's froth of strife does not have much more meaning than this. There will only be elections in mid-1989, a year in which there will not be much belt tightening. This is what all the opposition must be contemplating in the midst of the social confusion of the second half of a very spring like month of March.

09935

SWEDEN

Paper Comments on Foreign Minister's Middle East Comments

36500080b Stockholm DAGENS NYHETER in Swedish
17 Mar 88 p 2

[Editorial: "No Hegemony on Israel"]

[Text] In this winter and spring of 1988, Swedish parties easily find words for sharply criticizing Israel. Nothing else was to be expected, after all that has been happening for months in the zones occupied by that country. Very naturally, then, worry over the violence in Gaza and on the West Bank has characterized this year's foreign policy debate in Parliament.

For that reason, the government does not have complete support for its position on the Middle East. On the question of making peace between Israelis and Arabs, leading spokesmen for the nonsocialist parties are more skeptical of the PLO's good will. In this case, there is certainly no "Social Democratic hegemony," to name the only idea that really triggered nonsocialist indignation toward the government during Wednesday's debate.

Without the objections to hegemony and the Middle East discussion, the foreign policy debate would have been absolutely soporific. There was not the slightest hint that the participants were preparing for the deployment of their respective parties in the runup to this fall's campaign and parliamentary elections. The watchword was "agreement" almost all the way.

That is good in the sense that no one is looking for a quarrel just for the sake of a quarrel. But there seemed to be an almost extreme distance between the calm in the Parliament Building and the statements made in SVENSKA DAGBLADET the other day by foreign affairs veteran Sverker Astrom, who said that the firmness of Swedish security policy is currently being tested by both the submarine problem and our relations with the EC.

Sten Andersson, representing the government, was obviously trying to avoid provoking his opponents into a debate on the most immediate issues. Only out of duty did he refer to the six-nation initiative on disarmament.

The Baltic Sea negotiations and the hostage crises to which we have been subjected were both dealt with by the minister of foreign affairs as shining examples of Swedish unity!

There is much on which disagreement is at most a matter of nuance: This applies to certain hopes concerning Gorbachev's policy in the Soviet Union, satisfaction with the INF agreement on the scrapping of land-based intermediate-range nuclear missiles, the glimmer of hope concerning a Soviet pullout from Afghanistan, and the desire to see a stronger role for the United Nations.

Among the opening speakers, oddly enough, Lars Werner of the VPK [Left Party-Communists] was the only one to mention the scandals surrounding various arms deals. The fact that Conservative Party leader Carl Bildt wanted to let the possibility of Swedish membership in the EC depend on the situation further in the future was allowed to pass without comment by Sten Andersson. And with the words "judge us by our actions," he did not even try to defend the statement on hegemony that had been made by the under secretary of state for foreign affairs, Pierre Schori. That left only the Middle East as a subject for debate.

On that point, Sten Andersson did not go to any great lengths to seek the unity on which he otherwise prides himself. Is the government really sticking to its stand that Israel can only have peace if it returns to the exact same borders it had before the war in June 1967? If so, Security Council Resolution 242 is being interpreted in a way that lacks a solid historical basis. That resolution was written in such a way that it does not rule out certain border adjustments. Carl Bildt scores a point with his belief that it is not sensible Swedish policy to "stick dogmatically to the 1967 borders."

From the Swedish standpoint, it is obvious that Israeli Prime Minister Yitzhak Shamir has not done anything to facilitate a peace process. Unfortunately, Labor leader and Minister of Foreign Affairs Shimon Peres is also taking an obstinately negative attitude toward the PLO as a negotiating partner. But how can Sten Andersson put so much faith in all the Palestinian declarations about recognizing Israel?

During the parliamentary debate, and almost in passing, the minister of foreign affairs said something to the effect that it is not possible to know in advance how the peace process is going to end. If that is so, why insist in the current situation on the establishment of a "Palestinian state"—a sure way of not getting things started? During his trip to the Middle East last week, Sten Andersson seemed to be realize that the solution would have to come about step by step—in his own words, the important thing was to get the process started.

But the Swedish minister of foreign affairs does not want to take a stand on U.S. Secretary of State Shultz' peace plan. It has its advantages, he says, but chiefly it has the

defect of not accepting the PLO as the representative of the Palestinians. Perhaps the government has no confidence that Shultz will be able to follow up on his peace efforts during a U.S. election year. It seems to find it terribly difficult even to evaluate a U.S. initiative.

The debate hinted at a Social Democratic blockage in this area—one that might have been spotlighted more clearly if it had not been for all the unity.

11798

VPK Tax Stand Widens Internal Rift, Weakens Ties With SDP

36500080A Stockholm DAGENS NYHETER in
Swedish 17 Mar 88 p 12

[Article by Ake Ekdahl]

[Text] It is going to be more difficult for the VPK [Left Party-Communists] to reach agreements with the government and the Social Democrats in the future. The party burned its fingers on the gasoline tax issue, and in a political statement on Wednesday, it placed firm and stricter limits on the party's political role in Parliament.

The VPK may not give its support in the future to financing which is negative from the standpoint of social redistribution. Great caution must also be shown with respect to preliminary agreements in advance of normal debate in Parliament, according to a statement issued at the special meeting by the parliamentary group.

That statement was made necessary by the internal conflict that has split the VPK group over the past few weeks as a result of the increased gasoline tax. Four VPK members threatened to ignore the agreement and vote to defeat the government bill. In the final round of difficult negotiations, two of them—Lars-Ove Hagberg and Karl-Erik Persson—agreed to let the increase pass by abstaining in exchange for a written guarantee that more agreements of a similar nature would be impossible.

"This is an important political document placing great responsibility on the party's collective leadership. If they go back on the terms of this statement, the result will be a great deal of trouble for the party," said Hagberg at a press conference on Wednesday.

Submission

Party chairman Lars Werner said that the gasoline tax had been a distressing issue in the party:

"If we had demanded submission, decided on expulsion and adopted stiff measures against those opposing the agreement, we would have been accused of being Stalinists. I personally do not believe in such methods. Those days are behind us."

Karl-Erik Persson said: "This is a political solution and a guarantee that we will be able to handle problems like this in the future."

Mentioned as examples of difficult issues on which the government will be wasting its time to seek VPK support in Parliament in the future were selective purchase taxes with a poor profile from the standpoint of distribution—that is, taxes on goods and services purchased by families with children and the elderly.

It is difficult to see what practical consequences the VPK's stricter policy toward the government is going to have. It is not very often that nonsocialists and the VPK are able to join each other in opposing the government.

Sacrificial Victims

The VPK's relationship with the Social Democrats and their government policy is a recurring subject of controversy in the party, and it came close to requiring sacrificial victims among the party leaders at the two most recent party congresses. A deep rift has developed between those in the party who take a pragmatic view of political work and desired results in Parliament and more anarchic groups.

It is said that overly extensive agreement with the Social Democrats blurs the VPK's image and its ability to attract voters. In those circumstances, the agreement on the gasoline tax took on a symbolic value which made it an especially sensitive issue to the VPK group in Parliament.

11798

DENMARK

Defense Intelligence Agencies Under Parliamentary Controls

36130048a Copenhagen BERLINGSKE TIDENDE in Danish 17 Mar 88 p 4

[Article by Carl Otto Brix: "Control over Intelligence"]

[Text] In the future, the intelligence agencies of the military and the police will be watched over by a committee consisting of one representative from each of the five largest parties in parliament.

Skepticism was expressed on all sides when the proposal for a watchdog committee was presented to parliament yesterday for first reading, but since a majority supported the proposal, beginning on 1 July a committee of five will be informed of the activities of the intelligence agencies. Committee members will be required to take an oath of secrecy.

Jens Thoft (Socialist People's Party), who is running for committee membership, said that despite their oath of secrecy, members would have some leeway for action.

"It will be possible to resign from the committee in protest and, even though you cannot give a reason, this would still make an impression. It will also be possible to ask for a conference with the prime minister if a member feels there is something wrong with the committee's work."

The parties themselves will determine who they want on the committee, but Justice Minister Erik Ninn-Hansen (Conservative) said during the debate in parliament yesterday that he would like to see the parties' parliamentary leaders become committee members.

09336

Home Guard's Capabilities, Problems Examined

36130051 Copenhagen BERLINGSKE AFTEN in Danish 11-17 Mar 88 p 3

[Article by Tine Eiby: "The Guerrilla in Rubber Boots"; first paragraph is BERLINGSKE AFTEN's introduction]

[Text] They believe in the family, in voluntarism and the association life in the Home Guard. They're nice, respectable people, unexceptional. They come in both paunchy and chain-smoking varieties. A local despot with "Fuhrer ambitions" would have serious problems getting them to agree. On the other hand, the Guard lacks firmness and well-educated people in its leadership positions.

"Underground, somewhere in Copenhagen..." they say in the Home Guard, smiling a bit modestly. This is central headquarters, located 3-4 meters below the pavement. Central headquarters for the northern and north-western Zealand visual observation district.

Since the visual observation service was established in 1934, one of the capital's big, old prodefense business firms has housed central headquarters in a few modest, cave-like basement rooms.

Once a year the guard at the entrance to the factory is invited down for lunch so as to keep in touch. The firm's management is naturally both informed and approves. But most of the employees do not know that the Home Guard's visual observation corps has an important post under their workplace. With reluctance, it would certainly turn into a bomb target.

The visual observation corps? This is the Home Guard division in which they are true blue, as they themselves put it, with excitement in their voices. Because there is esprit de corps in the Home Guard. And in the visual observation service they emphasize that they are helping the Armed Forces staff in blue uniforms, the Air Force. Helping to keep watch over air space.

In 400 watch towers spread all across Denmark, Home Guard volunteers stand watch, looking for foreign and enemy aircraft which might fly low over Danish soil. Indeed, owing to the curvature of the earth's surface, armed forces radar cannot detect movement under 2,000 meters. And so the Danish grass roots army has to take over.

They do so with the naked eye. What to the untrained eye looks simply like a speck in the sky might for one of the sharpest members of the visual observation corps be an allied propeller-driven aircraft (one of our own) six kilometers away, flying west. Little wonder many of the visual observation corp's volunteers build model airplanes in their spare time.

On Exercise in a Jogging Suit

They are not in the watch towers shooting year round. In peacetime they meet only for exercises, and the service is closed throughout the winter. Telephone links to central headquarters had to be tested last Monday before the start of a new season.

At 1900 hours Monday evening Home Guard volunteers stood ready at the 48 posts which cover northern and northwestern Zealand and simply waited for the telephone to crackle: Central Headquarters calling....

Inside, fewer than 20 people had taken positions around the big plotting board. This is a map table on which reporters are charted as they come in. There are women and men of all ages and types. There are older, efficient women who are bookkeepers in civilian life who have

30-40 years of experience as plotting ladies in the visual observation corps. There is a younger woman who still has her jogging suit on instead of the required blue uniform, an ad man and the Federation of Trade Union's head of information—in civilian garb as well.

Major Nielsen, the administrative and operative chief of the exercise, preferred them to be in uniform, "but it's all right, because they come straight from work." What is more, he cannot object, since it is voluntary to be there. The same is true of showing up for meetings. "If there's soccer on the television or if there isn't a real flight exercise, then it's hard to get people to show up!"

Or to stay at their stations. In the middle of the exercise, which, it should be noted, lasted only one hour, Oskar 2, located somewhere beyond the hills of northwest Zealand, reported they were now going home. They couldn't see a thing. It was snowing! There were a few smiles at central headquarters. Since this really was purely a paper exercise, as planned....

Satisfied Citizens

No, John Q. Home Guardsman and his wife Lotte (she of the Lotte corps, the Home Guard's distaff side) are neither neo-Nazis, people who like to play Rambo, nor particularly trigger happy. And they won't become those things either. Because Lotte and John Q. are first and foremost satisfied citizens. The guardians of society, it seems. They are nice, respectable people, unexceptional.

But at the moment they are trying to ward off yet one more attack from civilian Denmark. A drunken hothead went and told a journalist that he was a "green jacket" (a lower-middle class conservative with negative views of the unemployed and new emigrants), a neo-Nazi and a Home Guardsman. The first claim proved to be an exaggeration. The last is no longer true, since he left so as not to damage the Guard's reputation. But the shots had already hit the Danish grass roots army.

Is the Home Guard, which was created by resistance members after the Second World War, now about to become infected by Nazis? Has it become a front organization for petty racist, crewcut rascals dreaming of Rambo? And what of these 74,000 strong Danes who have both weapons and ammunition at home, aren't they strutting about with guns at the wrong time?

With regard to the latter point, we have only to go back to 17 February of this year to hear Defense Minister Bnernt Johan Collet's reply to Folketing member Jens Thoft (Socialist People's Party), who wanted to know, among other things, how many deaths by Home Guard weapons there had been in the last 25 years.

In the last three years there have been no deaths from Home Guard weapons. Since 1963 there have been 12 deaths from Home Guard weapons—it is not known whether these were committed by Home Guardists or

civilians who came into possession of stolen Home Guard weapons. Additionally, an earlier study (1970-79) shows that of 74 shooting deaths, only 4 percent were committed with Home Guard weapons. The rest were committed with shotguns, sawed-off hunting guns, registered shooting club weapons and antique arms from the time of the occupation.

The Family and Grundtvig

Lotte and John Q. believe in the family, in voluntarism and in association life. If you're something in civilian life, you shouldn't necessarily think you're something in the Home Guard. Here professional titles are forgotten and a clerk is the head of a company. In their company, you can almost feel Grundtvig breathing down your neck.

They do their service in the Guard as well as their physique, time and ambitions currently permit. "Well, yes, we're here to defend democracy," they end up answering on solemn occasions. But on a daily basis they are most frequently too modest to say such things. So they say they do it for the sake of the camaraderie. And for this shooting contests and the summer celebrations.

Most of the 74,000 Danes who were enrolled as volunteers in the Home Guard at the beginning of the year attend meetings when they have the time and don't when they don't feel like it. Because work, parents' meetings and night school have to be juggled, too. And is there nobody to say that you have to come. It really is 100 percent voluntary to be a member of the Home Guard.

After the 200 hours of required training in, among other things, shooting, responsible behavior with weapons and first aid, a member is obliged to attend meetings only 24 hours per year. And what is at stake here, first and foremost, is a sort of checking of the arm issued to each member after he has completed a basic course on handling a firearm. Each year both the firearm and the issued ammunition are shown to authorities. This helps guarantee that the state's weapons do not end up in the wrong hands via the black market.

Even the exercises are voluntary. If one doesn't care for the orders, then one turns on one's heel and goes home. So a local despot with Fuhrer ambitions would have a hard time getting the foot soldiers to behave.

As the chief of the Home Guard's region VI, Col K. Baek, says: "It's harder to be an officer in the Home Guard (than it is in the Armed Forces—editor's note), because the members can simply leave if they don't like the orders!"

Trigger Happiness Contained

And furthermore, they do so. This, for example, is what Per Warming, a former secondary school principal did after his attempt to create Home Guardsmen for Peace failed in 1984. Those 572 missiles were 572 too many, he thought, and began going to peace marches.

He had always been an anti-militarist, even if he thought it was interesting to learn how to shoot. And he was a poor soldier. He was in poor physical shape and too heavy. And he detested marching in step. But he had become a member of the Home Guard because he felt an obligation to defend what he stood for. An idealistic wish actively to support the tradition of the Danish opposition movement.

His peace group never made a breakthrough in the Home Guard not because it was banned or stifled. Quite simply, the initiative did not catch on. Shoulders were shrugged. No one really cared to discuss it.

Debate is lacking in the Home Guard, he thinks, but he also finds that members are both clever and sympathetic.

"The older ones in particular are responsible and not very militaristic. There might be a couple of younger, trigger-happy members, but they're rapidly contained."

That is, if they have not already been sorted out by the screening procedure which has been considerably tightened up in the past two to three years, so as to increase security and to cut down on member turnover. Nevertheless, it costs the state approximately 10,000 kroner to train and equip one new member.

Before a member enrolls, his civilian and military criminal records are reviewed. The theft of a moped or shoplifting as a 14-year-old will not be of decisive importance, but any type of violence or illegal behavior with firearms means exclusion from the Home Guard. Before the contract is drawn up, the application gets together for a conversation with the local company chief. Among other things, he (there is still only one she) will attempt to form an impression of the applicant's mental stability. But no one can be rejected for political reasons.

Finally each and every applicant must be approved by a local committee comprised of four civilians and one chairman designated by the defense minister. This is a type of guarantee of a link to the civilian population. Following the same principle, the Home Guard's leadership consists of a military chief and a political appointee, the commissioned chief. The first such after the war was Frode Jakobsen, who had been in the opposition. He was succeeded by a number of Social Democrats until the conservative Ole Bernt Henriksen took over a few years ago and broke the tradition.

Beer Bellies and an Arthritic Knee

The members' self-discipline shows every time HJEMMEVAERNSBLADET runs a photograph which smacks a bit more of action than of the customary awarding of medals.

"When you know that over 50 percent of the new Home guardsmen leave within three years, it's grotesque to see how time and time again the Rambo mentality flourishes in HJEMMEVAERNSBLADET," one reader wrote.

In the early 80's the Home Guard experienced a boom in enrollment by young people who had drawn numbers exempting them from military service and were seeking a soldier's life in the Home Guard instead.

Membership approached 78,000 volunteers. Previously, it was usual for the Home Guard to get more members when there were specific political events like Hungary in 1956 and Czechoslovakia in 1968. But this no longer pertains, the Home Guard reports. Today youth witness major political crises on television on a daily basis.

Many of the new members really did turn up with dreams of Rambo, but encountered a motley assortment of civilians of the stoop-shouldered, chain-smoking and gray-haired varieties. And it should be noted here that next year, when the Home Guard celebrates its 40th anniversary, about 1,500 members will be honored for 40 years of faithful service.

Young people seek more drill and discipline in the Home Guard. They are willing to march in step and sing in the forest. It is also from their ranks that the call is coming to drop the many members who are not in good condition, who lack military training and who show up for exercises in rubber boots, if they come at all.

All of which made the author, Niels E. Nielsen, an old Home Guard hand, retort:

"We simply have to remember: These are the people we've got. A cross section of Danes, such as we are today and everyday, shaped by day-to-day conditions...somewhat phlegmatic (lazy?), with a distaste for big words and gestures, we like a wry laugh and have an irritating inclination to contradict, question, rest a bit and have a beer...."

But is there anyone at all outside of the Home Guard who takes it seriously?

Yes, it appears that abroad there is a certain respect for the Danish Home Guard, which has counterparts only in Sweden and Norway, according to Connie Hedegaard, the Conservative spokesman on military policy. A special impression is created abroad by the fact that 74,000 Danish civilians are already equipped with arms. "In fact, it's a bigger force than our mobilization force, which stands at 72,000," she goes on to say.

When compared to the other Danish Armed Forces the Home Guard's equipment level is seen as reasonable, and, over and beyond Home Guard cutters, no special provisioning is anticipated in the upcoming defense compromise.

Adult Danes Sought

Besides, no one intends that John Q. Home Guardsman go out and play soldier at the front. He is first and foremost a watchman. He can be imagined lying in wait somewhere looking for the enemy. His gun by his side, by all means. But his role is not going heroically into battle. He will only observe and deter until the Armed Forces are there.

Neither do the Home Guard's generals object to the fact that not all their members are young, strong and dynamic. In region VI, in fact, current recruitment campaigns are specially directed at the adult, mature Dane. He—and especially she—is between 30 and 50 years old, has a family and has some higher education.

The Home Guard wants to be a reflection of Danish society. In terms of age and politics and socially, Col Baek explains. A 1975 survey of attitudes showed that in political terms, members clustered around the parties in the center and typically did not represent the extreme left wing. In terms of social class, they divided up about as the wider society is. An updated study of the same subject is underway.

However, it is known that the idea of a reflection does not hold. In any event, not well enough. "We lack independent, highly-educated and young people in our training."

There may be engineers, dentists and managers among rank and file members, but they are absent from command positions. In the case of most, the excuse runs that they do not have the time to take on responsibility in the Home Guard too.

And there there is a shortage of women. Only 20 percent of the membership is women, and it is generally acknowledged in the Home Guard that if any understanding of defense is to be shaped (and if men are to return tired and dirty after a weekend of exercises), then women must take an active part. Furthermore, the Home Guard is noticeably stronger in the countryside than in cities.

Further, Col Baek says that "there are a lot of conservative, pro-defense citizens who support us with words but who do not take an active part!"

And he cannot resist a concluding remark: "Peace, that's our biggest problem, make no mistake about it...."

12789/9738

Town's Civil Defense System Becomes Model 36130048b Copenhagen BERLINGSKE TIDENDE in Danish 9 Mar 88 p 6

[Article by Flemming Steen Pedersen: "Town Uses 1 Million for Civil Defense"]

[Text] In recent years, Olstykke has been investing in a local civil defense system, which has become a model for towns throughout the country.

In recent years, the small North Zealand town of Olstykke has made a major investment in resources to build up its local civil defense system, which has become a model for municipalities throughout the country.

Yesterday the town of 13,000 opened a modern new command center costing just under 300,000 kroner. This means that the town has spent about 1 million kroner on local civil defense over a 4-year period. The town was under no obligation to spend this amount, but the town council agreed to appropriate the funds for this purpose.

"This was done to give the town's citizens the security of knowing that, in a crisis situation, there are local people who are equipped to care for them. For this reason, we see civil preparedness as a good investment," said Mayor H. E. Nielsen (Liberal Party).

The command center was built in the basement under a new medical facility recently constructed by the town. In addition to the necessary communications equipment, it has also been provided with a Swiss fresh air device with gas filters that make far less noise than the Swedish model normally used by the civil defense.

The civil defense system in Olstykke is based on a staff of 35 volunteers who have been used several times in critical situations. Last winter, for example, the water pipes froze. In this situation, local civil defense workers took water out to the citizens after 1600 and on weekends.

09336

FEDERAL REPUBLIC OF GERMANY

Transition From Airborne to Air Assault Formation Described 36200073a Bonn WEHRTECHNIK in German Mar 88 pp 20-22

[Article by Maj Gen Christoph-Adolf Fuerus, CO 1st Airborne Div: "The Paratrooper Force in the Transition to Army Structure 2000"; first paragraph is introduction by WEHRTECHNIK]

[Text] With the decision to introduce the WIESEL weapons carrier the paratrooper force is at the same time faced with structural considerations on how, overall, the acquired tactical mobility can be brought into line with

the operational requirements made on airmobile assault forces. Maj Gen Christoph-Adolf Fuerus, commanding officer of the 1st Airborne Division, presents his ideas in this article at the end of the period of his active service as commander in the paratrooper force.

Paratroopers are among the most recent branches of service of modern ground forces. The military objective—to convey infantry forces by means of transportation of the third dimension to any place of the battlefield—corresponded to its organizational structure and equipment: light infantry reinforced only by little combat support of its own (e.g., mortars).

Bundeswehr Paratrooper Force

With the formation of the Bundeswehr a change took place for the paratroopers. In addition to the subordination to the Army, they now had combat and operational support components as part of the basic organization.

However, in the course of army reorganizations a light infantry developed once again, with strong antitank defense capability which—once committed for defense—was capable only for combat from positions. Allocation of support and reinforcement required to assure the necessary staying power, aside from exceptions, once again is the duty of the commander of the major formation to be supported.

Present Level of Performance

All units and formations of the airborne division are capable of jump action and airborne operation. However, the division lacks air transport space of its own. Its major formations fight from positions over a prolonged period in one direction or all around after a march or airborne deployment and after the long time of preparation (digging in) unavoidable for unarmored infantry.

Beyond that, units and elements landed in the deployment area carry out commando operations against important command and supply installations making use of the element of surprise and capture important local limited objectives by surprise raid.

If the troop commander wants to disengage units or major formations of the paratrooper force from the enemy, he requires in principle mechanized combat forces.

Changes Resulting From Introduction of WIESEL 1

The planned introduction of the WIESEL 1 weapons carrier in all battalions of the airborne division means not only replacing the cross-country buggies (KRAKA) thus far used. The incomparably greater cross-country capability and a limited protection of the crew now offer possibilities for use which, thus far, the paratroopers did not possess.

Type and extent of the enemy forces with which paratroopers are confronted in defense do not differ from the enemy forces which face armored army combat forces: armored tank gunners and motorized rifle formations with unlimited mobility which appear at an unexpected place with superiority and are supported by strong artillery.

The mobility and the weapons effect of these enemy forces in the WIESEL 1 are confronted by a system which is at least as fast, sometimes mobile even where heavier and bigger weapons carriers no longer get through. Thus, even in terrain sectors with reduced cover it is possible to delay or defend successfully against a mechanized enemy for a limited time if the WIESEL weapons carriers are concentrated on battalion level (and not on company level). For defense paratrooper formations are now able to confront without much delay the enemy's main effort with the WIESEL, their effective weapons systems (Mk 20 mm and TOW 2). The more static components in the defense, the paratroopers will hold the terrain on the basis of obstacles and the now more mobile antitank defense based on WIESEL will make effective fire at great distances possible. Moreover, it will also be possible to protect open flanks or neutralize local threats in the rear.

It is true that the WIESEL does not offer its crew and its weapon the protection of a tank. But its technical mobility is an additional protective factor which must be used at a great distance in connection with firepower.

The element of movement will be in the center of the tactical further development of the paratrooper force in the future, too. Equipment with the WIESEL is the first step in this direction.

Thoughts on Further Development: Airborne Forces as an Instrument of Operational Command

In the memoranda published in the summer of 1987 on questions of operational command one of the authors states: "Operational reserves must be superior to the aggressor as regards speed and mobility...they (are) to achieve results at a decisive point quickly and effectively over great distances at the critical point in a conflict."

Armored combat forces which are confined to the ground—with a possible aggressor as well as also in the case of the NATO major formations in Central Europe—form the main body of the forces and of course are equal to one another in possible speed. Therefore they can hardly meet the cited requirement.

However, armored combat forces are, as it were, a sword with which it is possible to strike the enemy and to fend off attacks. In contrast airmobile assault forces are an arrow in the hand of the operational commander: hardly susceptible to be intercepted by a sword and, optimized on the goal to be achieved, of sweeping effect.

Two fundamental advantages result from the use of the third dimension:

—Bringing up forces rapidly even over great distances with a gain in time; combat forces tied to the ground cannot achieve such a gain in time.

—Surmounting areas which, on account of enemy weapons effect, destruction or obstacles, cannot be penetrated otherwise or only with a high expenditure of time, material and manpower.

The advantages can be the greater the larger the area of responsibility of the operational commander in charge of the airmobile combat forces is. Therefore, subordinating airmobile assault forces to the direct responsibility of the army groups should definitely be considered.

But more important than the question of subordination to a command echelon is the ability to freely dispose of the forces. It is out of the question to firmly include these forces from the start in a defense that is tied to the ground.

Within the framework of airmobile assault forces, paratroopers are the only ones who can hold the terrain. Even after the introduction of the WIESEL they are to be further developed so that they can carry on combined arms combat with air support or also on their own.

Integration of Existing Structural Elements

With the 3 airborne brigades of the 1st Airborne Division and the army aviation command of the Corps, the individual elements for the establishment of homogeneous major formations are already available.

Even though the present equipment and arms do not yet meet all operational demands by far, a decisive improvement of the situation, which is not satisfactory at present, can be achieved by proceeding with a new organization.

The goal must be decisively to shorten the reaction time by a new structure and equipment, to ensure operational free disposability and thus to optimize the combat effectiveness of new airmobile assault forces.

In a first organizational step the formation of airmobile assault forces takes place which are able to carry on combat from and in the third dimension.

The combination of the airborne brigades and of the individual army aviation units creates a major formation which is able, even with the present equipment, to concentrate forces rapidly and to strike with lightning speed. After completion of the mission they must again be freely disposable.

A second step leads to the development of an air combat force as an independent branch of service to conduct air mechanized combat.

The goal must be to conduct operations alternately and in coordination of static and mobile combat utilizing modern barrier devices and rapidly movable formations so that the attacks are contained and forces that have penetrated or broken through are destroyed.

—Paratroopers who have been clearly strengthened by the WIESEL in their tactical mobility capture and hold terrain after landing by transport helicopters and form the backbone of the antitank defense on the ground.

—Antitank helicopters attack the enemy's spearhead of attack, by surprise and elastically, for the most part in the flanks and greatly wear them down.

—Attack helicopters take over fire support from the air, including defense against enemy helicopters, make possible the deployment of obstacles and secure the reconnaissance.

—Support helicopters, e.g., take care of electronic reconnaissance and electronic countermeasures and engage or suppress hostile radar systems. Thus in general a quick massed concentration over great distances is achieved and will decisively contribute to maintaining the coherence of the defense.

The unified use of airmobile major formations is of operational character in this connection. Quickly available, they can also be used against enemy airborne assaults in the rear area.

The organization, suitable for this purpose, of the major formations to be newly created must be determined in war gaming studies and operational tests.

Requirements for Long-Term Planning

If airmobile combat forces are to be used as an instrument of operational command for the purpose of achieving a sweeping effect in a decisive place at the culmination of a military clash, then additional elements are, however, necessary—such as, e.g., fire support (also from the air). Possibilities for interdiction and air defense—and thus a capability which the airborne division does not have now and which would also not be present after mere integration of parts of the army aviation with airborne brigades.

Highly mobile operational reserves capable of independent combat are required. Such major formations tie down the multiple of armored combat forces of a possible aggressor as early as in the planning phase of his operations merely by their existence. Every aggressor is forced to keep in readiness in ongoing combat significant parts of his echelons against the possible employment of such forces.

The aim must be to conduct the modern combined arms combat with freely disposable, airmobile forces in the third dimension and from the third dimension close to the ground, so that in coordination with armored combat forces possessing effective thrust the first battle can be successfully carried out.

12356

Air Assault Concept Contingent on Available Pilot Personnel

36200073b Bonn WEHRTECHNIK in German
Mar 88 pp 22-26

[Article by Wolfgang Flume: "Airmobile Assault Forces; High Requirements on Army Pilots;" first paragraph is WEHRTECHNIK introduction]

[Text] In the next few weeks Defense Minister Dr Manfred Woerner will make the decision on Army Structure 2000 which the German Army is to adopt in the coming years. This is not something that happens fast nor is it easy; after all, the Army has been living in the present structure, Army Structure 4, more under strong limitations rather than in affluence. The new Army structure will—forced more by finances and shortage of personnel than by significant changes in the threat—entail partly profound changes, e.g., as regards the operational readiness level but also with respect to the role and equipment of some branches of service. The latter will include the Army aviation and the airborne forces which will be developed further into an airmobile assault force. But how far these new ideas can be implemented depends on a large number of factors—at any rate it won't come easy. Here, too, the shortage of personnel is in the center of the discussion.

Brig Gen Hans E. Drebing, the former general of army aviation, in his article in WEHRTECHNIK 3/87, for the first time presented to the public the idea of merging army aviation and the airborne force into "air-mechanized" major formations. This demand is likely to be fulfilled with the Army Structure 2000—less because a saving is envisioned as a result (which probably will happen to a small extent by joint tackling of duties) but rather by the desire to transform the airborne force into an airmobile assault force that can be used in a versatile manner. Maj Gen Christoph-Adolf Fuerus, the commander of the 1st Airborne Division, in his article published in this report explains that by a closer link of both branches of service and with better material equipment (WIESEL), a fighting instrument could be developed which could achieve a decisive effect even against an armored enemy at the culmination of a military clash.

Especially the airborne force, which thus far has been in the nature of an infantry force and has been equipped merely with mortars and antitank missiles, would be freed from the dead end of immobility, into which it has always threatened to end up after being equipped with helicopters.

WIESEL as weapons carrier for the antitank guided missile TOW will decisively strengthen the antitank capability. It has excellent mobility—which represents protection—and also a degree of fragmentation protection, which provides WIESEL with the TOW even certain chances of survival in combat against an armored enemy—at any rate far better than the unprotected cross-country buggies KRAKA. However—and that is the great challenge—all by itself an airborne force with WIESEL will not be able to fight successfully, particularly since, because of its rapid deployability with helicopters, it will be employed for the most part at focal points (especially critical ones).

The much-cited "combined weapons combat" applies here, too. Therefore, WIESEL is also a platform for a tube weapon, at present the 20-mm fixed gun whose penetration performance of course can no longer be convincing. Here the upgrading of the combat effectiveness appears to be urgently necessary already with the introduction of the weapons system. Furthermore the airborne force needs fire support by the artillery of the neighboring combat forces (with long-range guns and rocket launchers), but especially from the air with weapon effect, in other words by army aviation. Closer organizational merging of both branches of service thus has also psychological advantages, for the necessary support from the air is then provided by the same major formation. This combat mission of army aviation goes far beyond what had been achieved in the past with antitank helicopters. Helicopters are required, e.g., for fire support, equipped with unguided rockets but also for defense against the air enemy, thus essentially enemy attack and fighter helicopters. In doing so, one's own helicopters must also protect themselves against the enemy's. Thus, overall a significant widening of the former operational roles of army aviation.

The logical consequence would now be to increase the personnel strength of this branch of service if only in view of the introduction of the PAH-2, 212 of them, (it is hoped really starting in 1998, thus 12 years later than originally requested). Under the demographic conditions under which the army must accomplish its mission, this cannot be attained. Thus the army pilots must accomplish their new duties with an even smaller personnel complement—including reservists. It should be understood that this is not possible without a reduction of the present helicopter fleet.

The Army Pilots Today

A look at the "actual condition": The German army aviation comprises about 10,500 soldiers; moreover it is an "expensive" unit, for it has only about 3,000 draftees. About 1,300 soldiers are helicopter pilots, including about 800 officers of the Administrative/Technical Service.

In past years the accident rate in flying was only 0.2 to 0.3 accidents per 10,000 flying hours—a best performance in NATO. In 1987 the rate of accidents in flying of 0.067 proved to be a record year even though it was possible to fly almost 10 percent less than in previous years and this year the number will probably be even below that: Economizing is the watchword, especially as regards spare parts. (By the way, the same applies to the ground force—tanks, too, may only be operated for 900 km).

About 750 helicopters are in action—a notably high number in relation to the personnel strength:

—On corps Level:

—210 antitank helicopters I (PAH-1) MBB BO-105P,

—100 liaison and observation helicopters (VBH) MBB BO-105M,

—147 liaison and observation helicopters (VBH) Aero-spaciale ALOUETTE 2,

—190 light transport helicopters (LTH) Bell UH-1D,

—108 medium transport helicopters (MTH) Sikorsky CH-53G.

The army pilots are organized as follows:

—1 VBH squadron (BO-105M or ALOUETTE II),

—1 LTH regiment with 48 UH-1D and 5 VBH,

—1 MTH regiment with 32 CH-53G and 5 VBH,

—1 PAH regiment with 56 PAH-1 and 5 VBH.

—On division level:

—1 VBH squadron (BO-105M or ALOUETTE II).

Originally it had been planned that with the delivery of the PAH-2 (in the 2d half of the eighties) the PAH-1 or at least some of them would be "retrofitted" as VBH, so that the ALOUETTE's could be phased out. But that idea has been dropped for understandable reasons: The ALOUETTE's will probably be dropped in the nineties without being replaced—then these helicopters originating from the sixties will definitely be worn out. But it will not be possible to avoid an additional decommissioning of another part of the fleet, for, after all, 212 PAH-2 must be manned and maintained.

But the forced reduction of the VBH fleet also entails problems, for these helicopters are not only the fast "air taxis" of the division commanders, they are also used (as are also some UH-1D) for observation purposes and for command from the air, thus had a meaningful purpose, especially in a national defense emergency. Thus after

phasing out of the ALOUETTE's, UH-1 will probably be increasingly used for these missions, but then equipped with modern sensors, e.g., the EHF radar or thermal imagers for reconnaissance purposes. It is the aim of army aviation to improve its own reconnaissance capacity to a significant extent.

From the Antitank to the Assault Helicopter

If the PAH-1 provided the German Army for the first time with the capability to conduct antitank defense from the air and to move the defense center of resistance quickly, a new dimension will be introduced here—though very, very late—with the PAH-2, but a dimension which will be largely balanced by the meanwhile considerably increased threat from the armored ground enemy and the assault helicopters and in future also fighter helicopters of the Warsaw Pact. If the PAH-1, armed with the HOT having a 4,000 m range, initially had a decisive range advantage over the main guns of enemy tanks, this no longer holds true now, especially since lately equal adversaries have appeared in the assault helicopter and lately also the fighter helicopter. The operational philosophy thus was able to speak of the employment of the PAH-1 exclusively over the FRG's own territory—this idea was promoted/demanded also by the Air Force which regarded it as its mission to fly combat support—in other words close air support—on the battlefield with the ALPHA JET against all enemy ground forces. The helicopter was restricted to the role of antitank defense—a restriction unknown to the army pilots of other nations, e.g., of France and the United States. But in Germany, too, this restriction is no longer valid after the more or less forced renunciation by the Air Force of close air support: helicopters must assume all air operation roles over the battlefield: antitank defense, support of ground forces (especially lightly armored airborne forces) by immobilizing the adversary.

This signifies a need for greater capacity to prevail and stability of the helicopters: on the one hand, by better protection (armor plating would not be bad—but is only hardly feasible), on the other hand more versatile arms: Air-to-air missiles for their own protection and the protection of accompanied transport helicopters (from this comes the demand for an escort and protection helicopter BSH presented in WEHRTECHNIK 2/88) or for air-to-ground armament complementing the antitank weapon for support of the ground forces but also for one's own defense against the air defense. These are likely to be mainly unguided air-to-ground rockets because the army pilots do not have a high opinion of the fixed guns thus far available—in contrast to the example of their French colleagues. The demand for a type of assault support helicopter KUH results from all this.

The planned equipment of 54 VBH with 4 STINGER each is to be regarded as a first step in the direction of the BSH, the PAH-2 is also supposed to receive this light air-to-air missile—but a truly (new) BSH or even KUH has not yet been planned. This is really surprising for a

solution is quite obvious: the HAP planned for similar tasks by the French as national derivation of the PAH-2/HAC. As it has been done when PAH-2 and HAC were made joint projects, shouldn't it be possible in the case of HAP? Either procure a few dozen HAP in addition to the 212 PAH-2 or, while maintaining the total of 212, allocate the numbers for PAH-2 and HAP following a study.

But MBB's BK-117 would be conceivable as BSH—a solution that could moreover be implemented more quickly.

The idea that the helicopters can be employed only over one's own territory must also be abandoned. This was indeed true years ago—see above—but can no longer be adhered to in the future. The Army will be responsible up to a depth of 100 km, the forces on the battlefield can be meshed, helicopter air battles are to be expected—but all this necessarily signifies a strengthening of the protection.

Only after all this is guaranteed and army aviation receives better reconnaissance capability of its own is it possible to consider effective air support of the airborne forces landed by transport helicopters—without that there can be no "airmobile" assault forces. Only then will the element to be newly created have the required capability to prevail.

The transport requirement of the airmobile assault force will not be less than now; moreover other roles—as described—will confront army aviation. But on the other hand, 147 ALOUETTE 2 and probably also some of the UH-1D will be eliminated, models which—despite a relatively small program of extending their working life—will have to be phased out no later than about 2005 after a life cycle of 30 to 35 years. The successor? Air Force and Navy envisage the NATO helicopter 90—the Navy envisages as a special naval helicopter (MH) the air weapon as tactical transport helicopter TTH (see WEHRTECHNIK 12/87). The Army also thinks along these lines, but, because of the later requirements and, of course, nonexistent funds, has found itself compelled largely to steer clear of a participation in the NH-90 concept—unfortunately, one could say.

Thus, all in all, in view of the flying machinery and equipment, no small challenge for the army pilots. Undoubtedly, it will not be possible to implement an optimal solution everywhere for financial reasons alone; the second best will frequently have to be accepted. The PAH-2 perhaps "eats up" too much so that other programs—which include an enhancement of the PAH-1's combat value—must be tackled in small steps. This also raises the question as to the priority of the army aviation and in future of the airmobile assault forces. At times one gets the feeling of a degree of resignation among the army pilots, for example in the form: "The Army thinks in tracks (i.e. tanks), we are only 'periphery'!" Which, it is hoped, will no longer be true 10 years hence.

Qualified Personnel Lacking

As already indicated, a quite important factor will be the personnel question in the future and here some see the situation as even bleaker than with regard to material. The PAH-2 (and possibly other helicopters), on account of its complexity as a weapons system, requires personnel with outstanding training—flying and technical. Where to find them? Before the introduction of the PAH-1 army aviation at any rate succeeded at that time in establishing a kind of pilot reserve without having T/O positions for that purpose. Something like making student budget positions available is now no longer possible even though it would really be necessary, for it takes about 7 to 10 years until a pilot is combat-ready. In this connection it should also be taken into account that low altitude flying in Central Europe with the weather conditions here and a terrain with the "highest wire density" in the world (land lines, etc.) places great requirements on the crews. And then there is also supposed to be night flying—made somewhat easier with the PAH-2 by thermal imagers, but now still with 2d or 3d generation image intensifier glasses, a device that makes possible venturing into the practice of low altitude flying in the dead of night with UH-1 and CH-53. But even this practice considerably expands the perspectives of many users, e.g., evacuation of wounded, but also indicates new problems for personnel requirements, training and employment. Not every pilot is fit for night flying; there are, so to speak, day and night people. That refines the personnel requirements even more.

But army aviation has to recruit qualified personnel in competition with industry. Flying per se is indeed very attractive to young people, but pay must also go with it. It depends on knowledge and experience and is reflected in a balanced rank structure. The indispensable high training and performance level and the length of stay in a responsible assignment somewhat limit the possibility for financial savings in army aviation as does the necessity of having to be attractive to the younger generation in competition with other branches of service and with the civilian area.

And the use of reservists? The Bundeswehr is thinking of a military pilot's license of the reserve. But where to find the civilian helicopter pilot considering that there is no growing fleet of civilian helicopters? But not too many pilots can be recruited even from the reservoir of long-term army pilots leaving the service.

No matter how one twists and turns: more pilots can be recruited only with—moreover expensive—efforts, even to hold the present number (many old timers will leave in the nineties) already causes enough headaches.

If nothing decisive is done here, then all hope for a combat-ready, airmobile assault force will be shattered, simply because of the fact that insufficient qualified personnel are available to operate the helicopters. Then the logical consequence would be a deep cut for the army

pilots with a drastic reduction of the number of helicopters—however incomprehensible such a thought may be today in view of the conventional threat of the Warsaw Pact.

Thus considerable tasks are still to be dealt with before we get the so desired airmobile assault forces.

12356

ITALY

Army Chief of Staff on Military Shortcomings *35280122b Rome IL TEMPO in Italian 19 Mar 88 p 7*

[Article by Alfredo Passarelli]

[Text] Rome—At a time when the most diverse interpretations are being voiced as to the effects the U.S.-USSR agreements on medium-range missiles will have on Western Europe and on our own country, the discussion of the problem by the army chief of staff, Ciro Di Marino, at the conference organized by the Defense Studies and Research Institute and held at Palazzo Barberini, seemed very much apropos.

In his introductory remarks, General Di Marino urged caution on the part of those who feel that denuclearizing Europe will result in a reduction of military expenditures, because the need to improve and modernize conventional arms, in which the Warsaw Pact countries have an undisputed supremacy, will require major investments, involving the most modern technologies.

The "defense-deterrence-detente" strategy, said the Army Chief of Staff, is credible only if one has in hand an efficient military instrument capable of guaranteeing, insofar as Italy directly is concerned, the defense of the Atlantic Alliance's southern flank and against the threats that could also emanate from neighboring neutral and nonaligned countries.

An extremely mobile and flexible Army is needed for this purpose—one that achieves a balance between operational readiness and a protracted tactical and logistical sustaining capability with time. Our current 24 brigades are not sufficient in this regard. At least three more are needed, and we will still be at a minimum. Moreover, the units must be adequately armed to maximize their efficiency. Di Marino stated, however, that the lack of funding prevents the overcoming of the Army's present deficiencies.

Our most pressing needs concern the areas of: mobility, in that the Army's present transport facilities are, in part, obsolete for the purpose of strengthening the defense of our insular territory and providing emergency aid in the event of a disaster; antitank and anti-aircraft defense, sectors in which the procurement of new facilities is

under way; sustained ground-based firepower, which requires longer-range guns and multiple rocket launchers; the command and control system; and electronic warfare.

9238

Head of Joint Chiefs of Staff on Inadequacy of Armaments Industry

*35280122a Milan ITALIA OGGI in Italian
24 Mar 88 p 19*

[Article by Antonio Colella]

[Text] Milan—The difficulties of the sector's industry stem from the cost of more sophisticated technologies. To gain market shares the watchword is cooperation.

In Milan as guest of the Northern Milan Rotary at the invitation of its president, Azelio Azzarelli, Vice Admiral Mario Porta, secretary general of defense and national director of ordnance, who was recently appointed head of the Joint Chiefs of Staff, addressed the Gotha of Lombardy's business community in his first public speech since his appointment to his new post. He made reference to the situation of the Italian firms that produce armaments. His remarks focused mainly the difficulties stemming from the large-scale investments required to develop high-technology equipment (above all, electronic equipment). This article summarizes the main passages of his speech and of a conversation granted exclusively to ITALIA OGGI.

The Italian firms operating in the defense sector number around 80, employ some 80,000 persons (120,000 if induced economic activity is also considered), and do a combined total business of around 8,000 to 9,000 billion lire in annual billings, some 3,000 billion of which derive from the production of electronic systems for defense and space. The principal industries operating in this area in Italy are: Aeritalia, Borletti, Contraves, Elettronica, Elmer, Italtel, Laben, Marconi, Meteor, Microtecnica, Nardi, Galileo, Olivetti, Ote, Oto Melara, Philips, Selenia, SMA, Telettra, and Vitro Selenia.

Their traditional clients to date have been the developing countries, which in recent years, however, have become either less able to finance their systems procurement needs or, in many cases, are more able to fill them by producing the less sophisticated of such systems on their own. Moreover, the declining trend in rate of the dollar has increased the competitiveness of U.S. exports, further reducing the maneuvering room available to Italian firms.

To gain competitiveness, our firms must travel a compulsory route: Augment the technological level of their production so as to gain market share not only among their traditional clientele but also among the more advanced Western countries, first of all among members of NATO. It is a route, however, that requires high levels

of investment, and that is therefore practicable only by way of a joint financial outlay by the firms themselves and the Government. "Research is indispensable to the attainment of technical results applicable to military as well as civilian uses," says Porta, "and the Defense Ministry has recently placed research orders with industry amounting to around 30 billion lire, and centered primarily on long-term technologies." In any case, however, the current difficulties connected with the development of highly sophisticated technological products are being reflected in the trend of exports. Exports of electronic systems for defense, to cite just one example, dropped by 10.2 percent in 1987 with respect to the preceding year. The domestic market alone cannot guarantee the survival of the sector's industries. They must seek markets in foreign countries.

But marketing efforts abroad are being hampered by the lengthy times involved in obtaining export licenses. Approvals must first be obtained from the Ministries of Finance and Foreign Trade, then from those of Industry and Foreign Relations. The time necessary to obtain these documents stems not only from a duty-bound sense of caution but also—according to Porta—from the demonization of the sector, which often leads to "lumping the good together with the bad, and considering the reputable operators engaged in producing systems for Italy and NATO as being in one and the same lot with the arms traffickers." The sector's activity also suffers from over-fragmentation of its productive capacity, scarce specialization among its firms, excessive domestic competition, and a surplus of total productive capacity. A true and proper restructuring is therefore necessary. And the Defense Ministry, as a client, has proposed the forming of a new entity to coordinate and represent Italian industries, unifying the marketing of their products. In sum, the firms and the ministry must form a kind of joint venture.

"The Defense Ministry makes a substantial contribution to the progress of the national economy, in terms of industrial development and placement of economic resources," said Porta in the course of his remarks. The Armed Forces currently procure 85 percent of their needs on the Italian market, but they must still go abroad, increasingly, for leading edge technologies which our country is unable to develop on its own. The Joint Industry-Defense Committee has the task of keeping Italian industries integrated with large-scale research programs such as, for example, the SDI agreement with the United States and negotiations with France regarding observation satellites.

Perhaps a decisive boost to the internationalizing the production of defensive systems and to the exchange of technological know-how among firms of various countries can emerge from the newly-formed "Conference of the National Chiefs of Ordnance" within NATO, and from the "Independent European Programs Group." These two institutions are forerunners of a European arms common market.

9238

NORWAY

Weakening Swedish Defenses Complicate Norway's Missions

36390050b Oslo AFTENPOSTEN in Norwegian
28 Mar 88 p 5

[Guest commentary by Werner Christie: "A Critical Look at Southern Defenses"]

[Text] Can southern Norway be defended? Lt Gen Hjalmar I. Sunde asked recently in a paper given at the Oslo Defense Association. As the commander in chief of southern Norway, Sunde naturally enough had to reply yes, being responsible for the defense of that part of the country with all the power the kingdom can mobilize and not forgetting the help we can get from our allies.

Swedish Crisis

Not including our NATO allies, the defense of Norway—of southern Norway especially—is dependent on the backup support we can get from Sweden, and on this point Sunde was able to state that Sweden's defenses are in a profound and serious crisis. The amount of the Swedish GNP devoted to defense has dropped from almost 4 percent to 2.7 percent over an 18-year period, per capita costs have risen approximately 30 percent, and reduced work hours have further worsened the situation. At the same time, the number of regular staff members has been reduced by approximately 10,000.

In the Air Force, the number of squadrons has declined by almost two-thirds, and the number of the Navy's vessels has been reduced by more than 50 percent. Generally speaking, the Army has maintained its size, but its quality has been undermined by drastically reduced exercise activity, the length of basic service and reduced repairs of materiel. Fairly dramatic reductions of almost one-half of the number of brigades are currently being hinted at. It appears the reduction will particularly affect the tank brigades.

Our NATO connection and the Swedes' policy of neutrality cannot alter the fact that in geographic terms we are Siamese twins and thus dependent on one another in defense issues. What Sunde did not mention were the specific difficulties which our Norwegian/Swedish defense efforts face. To take an example, coordinating Swedish and Norwegian air control and alert services will become increasingly more difficult. Several years ago, cooperation could, to some extent, be improvised via good telephone contact. In today's information age, this can no longer be done. Nowadays the purchase of materiel and thorough preparations are called for before our control and warning system and the Swedes' "battle line" can "speak together," and in policy terms it is not possible to encounter such preparations.

Sunde also addressed Denmark's defense capability, which in recent years has been sharply reduced. The percentage of GNP spent on defense was down to 2.1 in 1986. In our country this figure was 3.2 percent. Within NATO, only Luxembourg spends less than Denmark. The Danes are currently talking about dissolving one brigade on Zealand, phasing out two frigates and one fighter plane squadron in addition to a reduction of ammunition supplies and anti-aircraft defenses. Taken together, this represents a clear weakening of the defenses of Denmark's sound and straits, which has a direct influence on the defense of southern Norway.

First Threat

Sunde emphasized that the first threat to southern Norway consists of sabotage and raids, attacks with cruise missiles and planes and submarine moves. Such a threat can arise at an early, surprise stage and it is imperative that our own operations not be paralyzed and that conditions be maintained so allied forces can reach their destination. In this regard, prior storage for the Marine Expeditionary Brigade (formerly abbreviated at MAB) is of very great significance, not least owing to the approximately 150 planes and helicopters which are brought in. Furthermore, Sunde disagreed with the objections raised to the further storage of fuel, ammunition and spare parts for those naval forces we can expect in areas close to us.

Strike

Sunde was very concerned by a 2-hour strike called on 11 March by a great many trade unions within the Armed Forces. To be sure, certain important functions were not affected, but this was the first time civilian armed forces personnel had gone on strike. It so happened that military personnel (at Asegarden) refused to take up their morning positions and all were given jail sentences. A strike by civilian employees of the Armed Forces—and the "civilianization" of the Armed Forces has increased—can have major consequences. In this regard Sunde called for a debate on principles which he hoped would end in consensus that all armed forces personnel, and not just its uniformed personnel, would relinquish their right to strike.

Sunde's paper was a thought-provoking, unbiased one, and in layman's terms he addressed a number of current defense issues. To a greater extent, the Norwegian Defense Association and its branches across the country should become the forum for discussions, which means that controversial issues are taken up and that opposing sides are invited to debate. One should not speak just to the converted.

12789/6091

Government Bill Would Change Arms Export Regulations

36390050a Oslo AFTENPOSTEN in Norwegian
24 Mar 88 p 3

[Article by Hans Christian Erlandsen: "Arms Export Taken Up in the Storting"]

[Text] The government will not propose drastic changes in the rules on the export of Norwegian arms, AFTENPOSTEN has learned. At a cabinet meeting last week, a draft of new rules was discussed which was based on an assessment made by a committee of under secretaries. These rules will soon be submitted to the Storting's expanded foreign and constitutional committee.

In connection with the handling of a parliamentary report on the Kongsberg Arms Factory, the Conservative Party will propose a change in the regulations governing the export of defense materiel. Ingvald Godal, a Conservative member of the Storting, told AFTENPOSTEN that until recently he had not been aware of the difficulties the export rules created for Norsk Forsvarsteknologi's [Norwegian Defense Technology] (NFT) ability to participate in joint NATO projects. NFT has taken over the Kongsberg Arms Factory's former defense division. "If NFT can't cooperate with other firms in NATO countries, we can shelve the thought of advanced arms production in Norway," Godal said.

"On those occasions throughout history when the Kongsberg Arms Factory and Raufoss have had problems protecting their profits because of the export rules, they elected to solve these problems by investing in civilian production," John Kristen Skogan of the Norwegian Foreign Policy Institute told AFTENPOSTEN. "This isn't possible now, because NFT is purely a military firm."

"An Arabic proverb says that you shouldn't put your burden on a camel with a broken back. I don't think an easing of Norwegian export rules is politically possible," Skogan went on to say, pointing out that Norwegians generally have negative views of arms exports.

12789/6091

SPAIN

NATO Concerned About Defense Industry Structure

35480074a Madrid MERCADO in Spanish
18 Mar 88 p 22

[Text] The NATO protests to the Spanish Government concerning the inclusion of the KIO Kuwaiti investment group in the ERT have been reiterated in recent months. Sources close to the Ministry of Defense and the ERT have confirmed that such warnings have been issued.

Those in the circles mentioned are familiar with the question the Atlantic Alliance posed to the ambassador and permanent representative of Spain to NATO, Jaime de Ojeda. "What will the industrial contribution of Spain to NATO be if the largest munitions plants in Europe are left in the hands of the KIO?" The Spanish foreign ministry in Brussels had to calm the "nervousness" which developed among the allies before the end of 1977.

Government Suggestion

A specialized journal in the United States reported last week, quoting bank sources, that NATO representatives are exerting pressure on the Spanish government to exclude the KIO from the board of directors of the ERT.

In the light of these statements, the office of the government spokesman told MERCADO that: "An unattributed report carries no weight." And he went on to add, in turn, that the government can only make a "suggestion" to the ERT, since it is a private enterprise, as to the possible configuration of the defense division.

The hesitation revealed by the ministers of economy, industry and defense—Carlos Solchaga, Luis Carlos Croissier and Narcis Serra, respectively—when it came to interpreting the strategic nature of the military industry has been described by sources in the sector as serious enough to justify resignation from the posts mentioned.

Chronic Indecision

According to these same sources, both Solchaga and Croissier have devoted excessive concern to resolving the problem of fertilizers and the ERT debt, whereas the defense division has as much strategic value for Spain as it does for NATO. Narcis Serra gets off with less criticism, but within the ERT he is faulted for not taking a more definite stand. "He did indeed defend the strategic role of the ERT, but he did not offer a solution to the problem of separating the defense division without disrupting its activities."

The latest proposal of the KIO, according to sources at the ERT, and this is confirmed by a recent comment Solchaga made about the strategic shortage of industrial explosives, was that the defense division be made separate, with autonomous management, but not relinquish the explosives sector mentioned, "since the ERT explosives for civilian uses are competitive precisely because we are using military technology. Moreover, it is on the basis of the special powders we produce that the solid fuel exported for missiles is made."

Ammunition of All Calibers

According to ERT sources, the subgroup formed by Expal-EDB alone produces 25 percent of the aerial bombs NATO purchases. The BR model covers the range offered, from the delayed action types to the well-known clusters. In addition, the ERT has the largest ammunition plants in Europe—outside the hypothetical central European theater of operations—and it supplies all of the artillery calibers NATO uses.

Early in 1988, Solchaga received a detailed report drafted by Instalaza concerning the "smart" weapons activities of the Esprodesa, an enterprise in which the ERT, Ceselsa and Instalaza participate. For this reason, these sources emphasize, there is no justification for claiming ignorance.

Another Round Begins

While the parity commission established by the ERT and the KIO is taking up the subject of defense, Alfredo Fraile, the spokesman for the Kuwaiti investment group, makes the point that "We accept what the authorities say, with all its consequences. What is not proper is that after buying into an enterprise, we are told no, it is a strategic enterprise. And particularly when there are Spanish authorities who say that there is nothing strategic about the ERT."

But the energy spent and the pressures exerted to resolve the problem are clear. "To resolve it, we are prepared to accept the price the Spanish Government deems proper for the defense division of the ERT, whatever it may be," Fraile has said.

5157

Defense Industry Seen Mobilizing for Rearmament

35480074b Lisbon O DIABO in Portuguese
29 Mar 88 p 13

[Text] The Spanish rearmament effort, for which Ibermisil, the CETME, the ENASA, the Santa Barbara plant, etc., will be mobilized, is likely to be impressive. Plans include a generation of antitank, antiaircraft and air-to-air missiles, the installation of reactive armor plating on the AMX-30's and the purchase of Roland air-defense batteries for the defense of the southern part of the territory, the portion which will be most vulnerable after the withdrawal of the American military structures.

5157

DENMARK

Columnist Views Foreign Debt Debate

36130052 Copenhagen. BERLINGSKE TIDENDE in Danish Sec III, 2 Apr 88 p 4

[Commentary by F. Dahlgaard: "The Myths and Realities of Denmark's Foreign Debt"; first paragraph is BERLINGSKE TIDENDE introduction]

[Text] The billions of kroner in the Labor Market Supplementary Pension Fund [ATP] cannot reduce Denmark's foreign debt one iota—only a surplus in the balance of payments can do that.

The public debate is characterized by many misconceptions about Denmark's foreign debt and how we can repay it.

One widespread misconception is that we can repay the foreign debt with the billions in the ATP fund. Another misconception is that Denmark's debt is growing because the finance minister borrows money abroad.

These things need to be cleared up.

The foreign debt the economists are talking and writing so much about is Denmark's total net debt to the rest of the world. In other words, Danes' total foreign assets minus the assets other countries have here.

The table shows Denmark's assets and debts as of 1 January 1988 divided up into the private sector (private businesses and individuals), the public sector (the state, municipalities and public enterprises) and the bank sector (banks, savings institutions and the National Bank).

The economists call this statement Denmark's foreign debt balance sheet.

As we can see, Denmark had a total net foreign debt of 273 billion kroner on 1 January 1988. This amount is the difference between Denmark's total foreign assets of 325 billion kroner and our total foreign debts of 598 billion kroner.

Public and Private

As the table shows, the bank sector has a net foreign credit of 68 billion kroner. This credit is identical with Denmark's currency balance (currency reserve).

Thus the value of Denmark's currency reserve was deducted from our other debts to produce a net total foreign debt of 273 billion kroner.

A large part of the private business sector's foreign assets of 104 billion kroner consists of outstanding accounts in connection with exports. The value of foreign stocks and bonds in Danish hands is also included in this amount.

Similarly, a substantial part of the business sector's debt of 262 billion kroner consists of short-term product credits in connection with imports. The sum also includes foreign-owned Danish krone bonds and stocks. The many loans that Danish firms have taken out abroad are also included in this figure.

The public sector's foreign assets of 10 billion kroner consist mainly of long-term, interest-free state loans to developing countries. Here we are talking about doubtful assets. We should probably not count on ever getting much of this money back.

The public foreign exchange debt of 193 billion kroner consists of the loans the state, counties, municipalities and public enterprises (electric, gas and water plants, the telephone companies, Danish Oil and Natural Gas [DONG], etc.) have taken out abroad over the years. Danish citizens are collectively responsible for these public foreign loans, which add up to a good 35,000 kroner per Dane. (In addition, of course, there are the enormous domestic loans that the state, municipalities and the rest have taken out, but this article is concerned solely with our foreign debts.)

Of course it makes less sense to divide the foreign exchange debt of private firms up among the entire population. Thus when people say in the debate that Denmark's total foreign debt of 273 billion kroner adds up to 53,500 kroner per inhabitant, it does not mean that we are all equally responsible for this amount.

When Finance Minister Palle Simonsen takes out state loans abroad, Denmark's net debt does not increase at all. The borrowed money is placed in the Danish foreign exchange account. Thus the currency reserve grows by exactly the same amount as the state's foreign debt, which means that the net debt remains the same.

It is not until currency reserves are used to offset the current balance of payments deficit that the net debt increases.

Thus it will do no good to stop borrowing money abroad. As long as Denmark has a foreign exchange deficit we have to borrow money. Otherwise, the currency account would be exhausted and then Denmark would have to suspend payments.

That would have dramatic and very unpleasant consequences, in the form of a partial freeze on imports of oil and raw materials, for example. The citizens of Poland, Turkey and a number of African countries are among those who have lived through this experience—and they can tell the Danes that it is no fun.

In other words it will not do any good to stop borrowing money abroad as long as we have a deficit in the balance of payments. The borrowing is not the root of the problem.

Table 1. Denmark's Foreign Debt Balance Sheet in Billions of Kroner

These are the figures behind Denmark's net foreign debt of 273 billion kroner as of 1 January 1988. Source: National Bank Report for 1987, page 43, supplemented with the latest information on the 1987 balance of payments deficit.

| <u>Sector</u> | <u>Assets</u> | <u>Debts</u> | <u>Net Debt</u> |
|---------------------------------------|---------------|--------------|-----------------|
| Private individuals and businesses | 104 | 262 | 158 |
| State and municipalities | 10 | 193 | 183 |
| Banks and National Bank | 211 | 143 | - 68 |
| Denmark as a whole | 325 | 598 | 273 |

The problem is the result of the balance of payments deficit, which makes the borrowing necessary.

The ATP Myth

It is a widespread myth that our foreign debt can be repaid with Danish kroner. Well-meaning Danes regularly suggest in letters to the editor that we use the billions of kroner in the ATP fund to repay our foreign debt.

Aside from the fact that the ATP's assets of 60 billion kroner are much too small to cope with a foreign debt of 273 billion kroner, this cannot be done.

Why not?

Because every krone that is sent abroad quickly returns to the Danish bank system with a demand that it be exchanged for foreign currency. This would reduce Denmark's currency reserve by exactly the same amount that we sent abroad.

Thus, if we sent all 60 billion kroner in the ATP fund abroad as an extra installment on the public foreign debt, for example, the debt would certainly be reduced by 60 billion kroner, but currency reserves would also be depleted by 60 billion kroner. In other words, the net debt would not be reduced by a single ore.

We cannot extricate ourselves from our foreign exchange debt by using the ATP fund, pension funds or any of our other big "cash reserves." And the same is true of the National Bank's currency printing presses.

Foreign Currency Needed

Even if all 5.1 million Danes went to Finance Minister Palle Simonsen and voluntarily turned over 53,500 kroner apiece, the foreign debt could not be repaid. Nor could this be done by imposing an extra onetime compulsory tax of 53,500 kroner.

If we sent the money abroad, our currency reserves would be exhausted within a few hours.

It is useless to believe that Denmark's foreign debt can be eliminated through some fancy capital transactions. The foreign debt is not a fictitious money problem. It is a real problem. Denmark's foreign creditors do not want kroner. They want German marks, Swiss francs, dollars, etc. And Denmark can only acquire these currencies by exporting goods.

The only way we can reduce the net foreign debt is to achieve a surplus in our balance of payments. A balance between currency income and outgo will not be enough. That will only halt the growth of our foreign debt. What is needed is a foreign exchange surplus. A foreign exchange surplus requires more exports, more exports require improved competitiveness and improved competitiveness requires lower wages, among other things.

Those are the unpleasant facts. But of course it is more convenient to think that the ATP fund or other accumulated capital sums can solve the problem. They are no more capable of doing so than individual Danes are able to pay off their personal bank debts with homemade play money.

06578

FRANCE

Salaries Showed Minor Increases Last Year
35190053b Paris LE QUOTIDIEN DE PARIS in
French 31 Mar 88 p 14

[Text] The work force increased by 0.1 percent and the workers' hourly wage by 3.5 percent (as compared to a price increase of 3.1 percent) during 1987, according to the quarterly survey on working activities and conditions.

The workers' hourly wage increased by 0.8 percent during the last quarter of 1987, as compared to 0.6 percent for the same quarter of 1986 while the number of salaried employees remained stable.

The minister noted that the increase in the workers' wages is very close to that recorded in 1986 (3.5 percent as compared to 3.3 percent) and that the slowdown in price increases reveals a 1 percent increase in buying power, which had been sliding for the past 12 months. The SMIC [Interoccupational Minimum Growth Wage] has not increased since July 1987, but the lowest workers' wages (levels 1 and 2) gained more than those of more qualified workers (+4 percent and +3.7 percent as compared to +3.5 percent).

The work force of the non-agricultural commercial sectors (13,497,000 wage earners as of 31 December 1987) increased by 0.1 percent over the year, but the decrease in industrial jobs (not including building) continued with -0.6 percent in the fourth quarter and -2.2 percent for the year. If building is included, the decrease comes to only 0.4 percent over the last quarter and 1.6 percent for the year.

The commercial tertiary sector (which employed 7,643,000 by the end of 1987) created jobs: +0.4 percent as of the last quarter and +1.4 percent for the whole of 1987.

The survey also notes a stability of the workweek during 1987: 39.05 hours for blue collar workers and 38.85 hours per week for white collar workers, or an average week of 38.95 hours.

6857

ITALY

Higher Inflation, Slow Economic Growth Forecast
35280115c Milan *ITALIA OGGI* in Italian
23 Mar 88 p 4

[Article by Claudio Valentito]

[Text] According to Prometeia, dark times are ahead for Italy in the next 7 years. "This is not the inevitable fate of our economy, however," Prometeia adds, "but to correct the situation a 5-year recovery plan will be necessary."

Bologna—More inflation, and slow industrial growth, against a background of relative economic stability: that is the forecast made by Prometeia, an econometric research firm. In its traditional report, Prometeia forecasts for the end of 1988 a 4.8 percent rate of inflation (compared to 4.7 percent in 1987), which will rise to 5.2 percent in 1989, 6.2 percent in 1990, and 7.2 percent in 1991. The gross domestic product, on the other hand, will go from 2.8 percent in 1987 to 1.9 percent in 1988, 2.1 percent in 1989 and 1990, and 2.2 percent in 1991. Domestic demand will in the meantime be recording a drastic reduction: 4.5 percent in 1987, 2.7 percent in 1988, 2.5 percent in 1989, 2.3 percent in 1990, and 2.0 percent in 1991. Lastly, spending in the public sector will record constant increases: 113.24 trillion lire in 1987, 119.06 trillion in 1988, 127.38 trillion in 1989, 138.55 trillion in 1990, and 159.59 trillion in 1991. Says Prometeia: "As soon as the decline of the dollar has been halted, all the European economies—and Japan—will experience a reacceleration of the rate of inflation of from 1 to 2 points. Will Italy be able to accept a 7 percent level of inflation, together with all that implies in terms of normal rates of interest and public spending? Speaking in more general terms, Prometeia says: "There are elements of solidity in the European recovery. The growth in domestic demand is supported not only by the improvement in the exchange rate but also by less restrictive fiscal policies. On the other hand, we believe the situation with respect to American domestic demand to be more fragile, and it is therefore likely that we will see a weakening of that demand."

This report accordingly indicates that the world economic situation will be relatively stable during the next few years. The lira-dollar exchange rate should go from 1,296 lire in 1987 to 1,172 in 1988; 1,114 in 1989; 1,158 in 1990; and 1,199 in 1991. Not even the Wall Street crisis will have any substantial repercussions, the report states. "It seems that the crisis in the international financial markets amounted to the bursting of a speculative bubble that did not alter in any significant way the steadiness of the underlying real economics, thanks to the prompt expansionist reaction of the respective monetary policies, especially in the United States," the report adds.

Macroeconomic Chart

| | 81-86 | 1987 | 1988 | 1989 | 1990 | 1991 | 92-95 |
|-------------------------------|-------|--------|--------|--------|--------|--------|--------|
| Gross domestic product | 1,8 | 2,8 | 1,9 | 2,1 | 2,1 | 2,2 | 2,4 |
| Total domestic demand | 1,6 | 4,5 | 2,7 | 2,5 | 2,3 | 2,0 | 2,7 |
| Real exchange rate | 5,0 | 0,6 | 0,2 | 0,4 | 1,8 | 3,0 | 0,5 |
| Lira/dollar exchange rate | 9,7 | -13,0 | -9,6 | -4,9 | 3,9 | 3,6 | 0,1 |
| Consumer price index | 12,4 | 4,7 | 4,8 | 5,2 | 6,2 | 7,2 | 6,5 |
| Per capita income (wages) | 13,8 | 7,4 | 7,8 | 7,9 | 8,4 | 9,1 | 8,7 |
| Total employment | 0,7 | 0,5 | 0,8 | 0,8 | 0,8 | 0,9 | 1,0 |
| M ₂ | 11,9 | 8,3 | 7,5 | 7,4 | 7,9 | 7,3 | 9,0 |
| Avg intst rate Treasury bonds | 16,3 | 10,7 | 10,0 | 9,8 | 9,9 | 11,3 | 11,4 |
| Current account balance | -3555 | 452 | -295 | -25 | -1308 | -561 | -3141 |
| Public sector spending | 92377 | 114241 | 119069 | 127383 | 138558 | 159597 | 203998 |

10992/06662

Unemployment Up in Spite of Economic Growth
35280115b Rome AVANTI! in Italian 18 Mar 88 p 6

[Text] The Italian economy continues to do well but this does not seem to have had even a minimal impact on the phenomenon of unemployment, which on the contrary has maintained an upward trend throughout the recent period of economic growth.

This is, in synthesis, the message contained in the March report on the Italian economic situation compiled by ISCO [National Institute for the Study of Economic Trends].

First and foremost, ISCO cites as evidence the fact that the most recent period has been characterized by the continuation of a phase of relatively vigorous economic growth, and the first several months of this year also appear to be characterized by the prevalence of growth trends.

On the inflation front, ISCO cites the gradual relaxation of the pressures on prices and points out that the decisions made by individual firms clearly indicate that these companies expect a containment of the inflationary pressures on the formation of prices at the production level, with possible positive effects for the stabilization of prices at the wholesale level.

ISCO observes, however, that "the current phase of economic growth does not appear to have alleviated the imbalances that characterize the labor market and that have as their most obvious effect the unchecked expansion of the surplus of labor supply in relation to the actual employment opportunities."

The ISCO report places particular emphasis on the fact that "the rising unemployment curve continued throughout the recent period of economic growth, inasmuch as the relatively robust growth of production was counterbalanced by the dynamics of a much more restrained demand for labor."

In fact, while the rate of growth of the economy has remained almost constant over the past 3 years, the rate of growth of the employed labor force has been progressively declining.

ISCO goes on to say that this phenomenon was particularly accentuated in 1987, a year during which the GDP reportedly grew by slightly less than 3 percent in real terms compared to an increase of only 0.5 percent recorded in employment. The stagnation of the job market results from the declines that were recorded in agriculture and industry concurrently with a smaller increase in the demand for labor in the service industries.

With regard specifically to the situation in the industrial sector, ISCO states that the image one receives is that of a system which has passed through the most acute phase of the contraction of the job market while attempting to keep pace with still high growth rates of production by increasing productivity rather than by increasing employment.

10992/06662

Exports Declining in Various Sectors

35280115a Milan MONDO ECONOMICO in Italian
21 Mar 88 pp 78-80

[Article by Elio Pagnotta]

[Text] In one year the trade deficit has tripled. It is not just the energy sector and food and agricultural sectors that are to blame: textiles are struggling, footwear is in decline, and machinery is having difficulty defending its position. Italian industry has shown itself to be inflexible and is losing its market share, especially in new markets. Moreover, foreign ties have reappeared as an unanticipated factor.

Exports that are too rigidly compartmentalized, and imports that have burgeoned precisely in those sectors which in the past had provided us with the most robust trade surpluses: these are, in summary, the causes of the profound deficit which in 1987 once again prevailed in our trade balance and which almost exactly tripled—to 11.138 million lire from the 3.663 million of the previous year.

It is, in short, a doubly disturbing result in view of the fact that the 1987 deficit is not attributable to external factors (which actually lent us assistance in holding it down) but rather entirely—or almost entirely—to domestic factors which are only partially ascribable to the excessive euphoria of a domestic demand that the fiscal maneuver of late August attempted so clumsily to retrain. Instead, it was due more to the loss of competitiveness demonstrated by our products—especially in the first part of the year, when the decline in the value of the dollar appeared to be unstoppable—with the result that our foreign trade swung sharply over to the debit side and may hold other unpleasant surprises in store for us during 1988.

If instead of looking at the absolute data—expressed either in values or in quantities—we make a qualitative analysis of the commercial structure of our imports and exports (with reference to the totals), some considerations are immediately apparent. It should be noted first of all that in 1987—just as in the previous year—the list of our imports was headed by metal products and machinery (whose share of total purchases from abroad rose to 21.4 percent), followed at a distance by food and agricultural products (16.9 percent) and still more distantly by energy. It is therefore not true that our lack of

energy sources or the retarded development of our agriculture are solely responsible for the deficit, although the gaps that have appeared in these sectors are contributing to the final result.

This is all the more true in that the very two categories that were "guilty" of the two largest gaps—the food and agricultural sector (16.92 million lire) and energy (18.854 million)—saw their relative importance in the structure of our trade diminish in 1987 (declining respectively to 16.9 percent of the total from 17.9 percent, and to 14 percent from 16 percent), an indication that the rate of growth of imports in these two sectors was proportionately lower than the overall growth rate.

To be sure, this does not mean that the food and agricultural bill is any less disturbing, or that we need not view the "oil deficit" with apprehension. On the contrary, it means that although a close watch must be kept on these two gaps—because among other things the nature of their structure makes them difficult to control—greater attention should be paid to what is happening in the other categories, starting with machinery, the importance of which would after all be even more devastating if—as is logical—all imports of transport vehicles were also included, in which case the proportion represented by metal products and machinery would actually reach 31.6 percent, thereby confirming that this is precisely the sector that must be kept under close scrutiny.

All the other categories have revolved around these three, with changes in their respective proportions limited to tenth of a percentage point, although frequently the increase in imports from one year to the next has been very significant (in the textile and clothing sector, for example, imports increased by 17.6 percent).

The dynamics of our exports—at least from the structural standpoint, which is the one most useful in helping us to understand the true nature of our deficit—has not changed to an equal extent. On the contrary: one may well reach the conclusion that the slices of the "pie" of our sales abroad have remained approximately the same as they were in 1986, thereby confirming the "sclerosis" that seems to permanently afflict Italian exports, whose rigid structure manifestly does not permit prompt adaptation to changes in the situation in the various markets.

Sclerosis of the Export Trade

In short, it is not just the great appetite for energy—and the agricultural gap—that inflate the deficit. The problem is that whereas exports have been able only partially to regain competitiveness and remain not very "flexible," imports adapt promptly and with much greater competitiveness to the requirements of a market such as the Italian market, which has been one of the very few truly "performing" markets among all the major industrialized nations.

The excess of domestic demand—which is, moreover, wholly overbalanced on the side of consumption (investments, as we know, are passing through a period of reflection)—did the rest, and now Italy runs the very serious risk (a risk which until a few years ago was totally inconceivable) of using its entire “domestic” economic vitality to play the role of a little “locomotive” for the benefit of the world economy. It is a troublesome and costly role that others have—quite selfishly—refused to play. Nor has the dollar helped us, for it has made much more attractive those products that are paid for in American currency (a circumstance also exploited by the Japanese, who have landed in full force in the “States” and are marketing under the “made in USA” label products that are really American in name only).

Things will probably not go much better in 1988. To be sure, our exports are recovering; the dollar has stabilized; and instead of regaining their former levels, petroleum prices are continuing to fall, but the evils that are at the root of our trade deficit all remain in place. For good reason, the projections of the most reliable economic observers also give no space to illusions. Imports are almost unanimously estimated to be strongly on the increase, ranging from the Wharton econometric estimate of 3.9 percent to the 4.5 percent of the Italian Prometeia and the 4.7 percent of OECD. The factors most often cited as being responsible for this new upsurge in purchases from foreign countries (the variations are calculated in constant prices) include precisely those that also handicapped us in 1987, namely the weakness of the dollar—which hurts us more than it helps us—and the progressive loss of competitiveness in the most important sectors of the “made in Italy” enterprise, such as producer goods, high-tech products, clothing, and food and agricultural products.

Some of these factors—in particular, the loss of competitiveness—we also find among the so-called “brakes” on exports. In this case, however, there is a ray of hope, because the pessimism is not unanimous, as it is in the case of imports. Prometeia, for example, credits our country with a decidedly modest rate of growth (+1.9 percent), whereas OECD (+3.5 percent) and especially Wharton (+3.8 percent) grant us more ample margins. Of one thing there can be no doubt, however (and the growing gap between the rate for imports and the rate for exports confirms it): the Italian trade deficit is destined to increase again this year.

10992/06662

PORTUGAL

Rapid Increase of Foreign Investment in First Quarter

35420075a Lisbon DIARIO DE NOTICIAS in Portuguese 19 Apr 88 p 4

[Text] Direct foreign investment in Portugal almost tripled during the first quarter of 1988 as compared with the same period last year, as indicated by the latest official data, released yesterday.

Foreign investors, during the first 3 months of the year, invested a total of 26.873 million contos, as compared with 9.353 million during the same period in 1987.

The value of foreign investment in March alone rose to 6.32 million contos, as compared with the figure of 1.781 million contos for March 1987.

By activity sector, banks and other monetary and financial institutions were those that most attracted foreign investors, with 6.127 million contos, followed by real estate and services offered to business organizations, with a total of 4.148 million contos.

As compared with the first quarter of last year, the preferences of the investors underwent change; in 1987, investment was principally in the petroleum derivatives branch of the chemical industry, coal, rubber and plastic products and restaurants and hotels.

The United Kingdom, France and West Germany were, in that order, the EEC countries that invested most heavily in Portugal during the period in question.

In 1987, Spain was the heaviest investor in Portugal, followed by the United Kingdom and West Germany.

12857

Imports of Portuguese-Owned Angolan Oil

35420075b Lisbon DIARIO DE NOTICIAS
ECONOMIA in Portuguese 11 Apr 88 p 1

[Excerpts] Portugal is going to receive for the first time, and quite soon, oil derived from “its own sources,” said officials of Petrolgal to DN. This importation comes from the Petrolgal participation in an offshore exploration project at Angola North (Field 1), in which the company has invested \$25 million (about 10 percent of the total investment in the field).

Portuguese imports of Angolan oil, which take advantage of a greater proximity to raw materials and ease of combination with other products imported by the country, will amount to 500,000 tons this year. This volume represents 6 percent of Portugal's total oil imports, at a cost of \$65 million.

The purchase terms for buying oil from Angola have not been made public in detail, but it is known that the terms are related in some measure to Angola's debt to Portugal, an amount that Luanda and Lisbon have maintained in relative secrecy. It is known that the contracts signed since 1984 between Petrolgal and Sonangol (the Angolan state oil company) total \$200 million (about 27.5 million contos).

On the record, the first cargo of Angolan oil (100 tons) arrived at Sines during October 1987, shortly after the visit of the Angolan president to Portugal. A second

cargo, which arrived at the end of last year, is said to have functioned as payment of the interest on the debt for the year 1987, and of part of the principal.

12857

SPAIN

Impetus to Economic Relations With USSR Reviewed

35480077 Madrid EPOCA in Spanish
21 Mar 88 pp 116-119

[Article by Aurora Moya and Antoni Farras]

[Excerpts] Attractive girls dressed in stunning feather outfits. Luxury hotels. New consumer goods that had been forbidden until recently. This is the beginning of the future that is gradually taking shape in the Union of Soviet Socialist Republics, since Mikhail Gorbachev announced his plans to open up the system. This is "perestroika," and to a certain extent, Spain will participate in it through experienced businessmen who are offering the Soviets all kinds of fascinating services. The first sample will be the initiative taken by those in charge of the Scala, the Riba brothers, who will bring their show to chilly Moscow.

Shows and tourism will be able to accomplish what neither Napoleon nor the Nazi Army were able to do: conquer Moscow. It was a bloodless and satisfying conquest that took place early this March. The Riba brothers, businessmen from the Scala of Barcelona and representatives of the Sol hotel chain, signed an agreement with the Ministry of Tourism in the Soviet capital.

This was the first step toward building a hotel in the ancient capital of all the Russias. The hotel will include a ballroom and a discotheque that is the "dernier cri."

Finns, Americans, Frenchmen, and Italians were surprised at the idea of a ballroom under Spanish management. All were interested. And they say that if the Spaniards managed to pull it off, it has a lot to do with the good impression many high-ranking Soviets had on their visit to Barcelona and to a show put on by the Ribas.

In addition, the Russians seemed particularly interested in the Spanish experience with tourism. The Soviet culture minister himself, Vladimir Pavlov, invited Ramon Riba to visit the Black Sea, where his ministry plans to build a major tourist center. And if everything goes well, Spaniards will play a key role there.

Also related to tourism is another new activity in Spanish-Soviet business relations, one that is fraught with possibilities and gives an idea of the new winds that are blowing: Soviet cruise ships set up for holding conferences and business representation activities on the seven seas.

In this case, the impetus came from Mari Cruz Soriano, an intrepid, telegenic, and especially creative Basque woman. Mari Cruz began toying with the idea 3 years ago, and she made it a reality last year. Now, channeling the activity through a travel agency, she has all her cruise ships booked through 1990.

"In 1972, trade between Spain and the USSR amounted to 40 million rubles, some \$60 million. In 1980, that figure climbed to \$400 million, a very significant increase," explains Sergio Vinogradov, who is in charge of the trade delegation of the Soviet embassy in Madrid.

There were isolated actions that were not supported by legal instruments until 1972, when the Spanish minister of trade and the Soviet vice minister of foreign trade signed a pact in Paris. This was the first step toward cooperation.

"Spain had remained far behind the rest of Europe; it began negotiating with us much later than the other European nations, and as a result, Spanish businessmen have had to be more aggressive," explains Vinogradov.

What do we export? Above all raw materials, minerals, chemicals, iron, steel, cables, parts made of carbon or graphite, aluminum plates, various oils, dried fruits, looms, boxes, machinery for making fabric, and a few other things.

According to the Spanish Confederation of Business Organizations (CEOE), "Spain's share of Soviet foreign trade amounts to 0.4 to 0.5 percent, compared to 2 to 2.5 percent of the world foreign market. It is a fragile trade, based primarily on exchanging iron and steel products for petroleum."

It adds, by way of example: "Between January and June 1987, Spanish investment in the Soviet Union amounted to a paltry 1.2 million pesetas, all of which was invested in financial institutions, insurance, business services, and rentals. Direct investment by the Soviet Union amounted to a total of 18 million pesetas, all of it in the transportation and communications sector."

Some products come from the USSR: Lada automobiles, vodka, canned crab or salmon, sleds, crafts, crystal, cameras. There is not generally a lot of trade between the two countries.

The Scala girls, Spanish films, and business cruises are a step forward toward a dimension that has been unknown so far in the USSR. With "perestroika," businessmen will probably see even more possibilities. That's what they're working on.

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FRANCE

Decrease in Criminal Activities Noted for 1987
35190053a Paris *LE QUOTIDIEN DE PARIS* in
French 19-20 Mar 88 p 17

[Article by Frederique Lantieri]

[Text] Crime and delinquency dropped by 3.74 percent in 1987 as compared to 1986. However, Robert Pandraud's pleasure in announcing the good news yesterday, must have been spoiled: "The statistics had been "revealed" to the press 2 days ago.

Former minister Pierre Joxe had made them public the day before during a press conference. A good sport nonetheless, the minister of security, accompanied by Secretary of State for Defense Jacques Boyon, hid his disappointment. Before reviewing the situation in details, Robert Pandraud expressed his satisfaction: "There is an 11.46 percent decrease as compared to 1985. It is an unprecedented result." There were 3,168,970 crimes and misdemeanors recorded for the entire territory, or 123,219 less than in 1986.

This decrease, however, differs for serious crimes (-4.28 percent), lesser crimes (-5.73 percent) and delinquency (-3.32 percent). "These figures prove that, with regard to crime, nothing was neglected by the public authorities and that the fight against delinquency did not suffer on account of the large-scale efforts against terrorism," the minister (for whom 1987 was primarily a successful year against terrorists—the dismantling of Direct Action and Ipparetarrak in particular—) emphasized.

Officials of the Place Beauvau were anxious to recall that crime and delinquency experienced an exponential development between 1977 and 1982, with highs ranging between 15 and 18 percent.

This trend did not change course until 1985, when a 2.78-percent decrease was registered for that year, thus moving the Socialists to claim for themselves the successes of the past few years, believing that they are the direct result of their efforts in matters of security. Yesterday, Robert Pandraud rejected that argument; he believes that these successes were largely due to "the legislative action of the Chirac government," in particular the laws pertaining to aliens' certificates of entry and of registration, identification controls, terrorism, etc.

Women's Safety

To go into details: There were 18.6 percent less armed robberies committed in 1987 than in 1986, or 6,508 instead of 8,001. Other violent crimes, that is to say, without the use of arms, declined much less, dropping only by 2.31 percent. This latter category accounts for 70 percent of the serious crimes. To be noted as well: Lesser crimes, in particular house burglaries, have also declined (-8.7 percent) with a substantial setback, 13 percent, for

primary residences. Auto thefts are also on the decline by 6.2 percent. The situation, however, is not all bright. Thus, according to the 1987 statistics and the admission of Robert Pandraud himself, some forms of delinquencies remain "badly controlled." That is particularly true of rape which increased by 8.82 percent going from 2,937 in 1986 to 3,196 in 1987. Officials of the Place Beauvau wonder, however, if this increase is not partially due to the attitude of the victims, who are now less hesitant than they once were about filing charges.

Be that as it may, Robert Pandraud has already announced his "desire to carry on a vast campaign of information and crime prevention focused on the safety of women." Concerning other offenses and crimes, which are increasing heavily, such as counterfeiting (a 23 percent increase) and pimping, the minister explained the situation as resulting from "the diligence of the police and gendarmerie," rather than from an increase in deeds. The same would be true for drug dealing, addiction, and illegal aliens. "With the law of 9 September 1986, the authorities have at their disposal legislation adapted to fighting illegal immigration," declared Robert Pandraud. Finally, minor crimes, namely, fencing, blackmail, fraud, house burglaries, thefts, etc., which account for over 80 percent of all crimes and offenses, show a smaller decline than the other categories.

The Corsican Problem

From a geographical standpoint, regions and towns do show some differences, although the decrease is almost general and affects 67 of the 96 departments of metropolitan France, or 18 of the 22 regions. Locally, the decrease noted in the Paris region is larger than the one observed nationally, with a drop of 10.36 percent for all crimes and offenses in Paris. The quite remarkable "score" of the Landes (-28.07 percent) and Oise (-16 percent) must again be emphasized.

On the other hand, the situation is becoming alarming in Corsica with an increase of 45 percent for Southern Corsica alone. "This confirms the connection, which we have always condemned, between the territory and banditry," declared Robert Pandraud. In his final remarks, the minister of security declared that it was only a beginning. He added: "These successes do not result from chance alone. They reflect a well-defined policy, in particular, the updating of our legislation, the increase in personnel, the improved training of the work force, and the upgrading of equipment. This policy has not yet been completed. We will again have to increase the work force and consequently heighten the presence of the police and of the gendarmerie. There is only one valid goal for the future: to reduce lack of safety to its early 1970 level." 6857

ITALY

PCI To Assume More Active Role in Unions
35280111 Rome LA REPUBBLICA in Italian
5 Mar 88 p 4

[Article by Vittoria Sivo]

[Text] Rome—Everything is changing in the relationship between the PCI and the unions. The times when social issues were delegated to the CGIL are over: the party is taking them back into hand and from now on wishes to directly handle the labor movement, and not only the blue collar workers. Communist sections in factories and offices should multiply. And, to show that these are not just empty proposals, a new objective has already been set: a reduction of the workweek to 30 hours within the next 10 years, assuming that the reduction to 35 hours will become a reality within the next 2 years.

The wind of counterattack [to regain control over the unions]—a strong and unexpected one—has been blowing ever since Antonio Bassolino, head of the PCI labor commission, read his opening report yesterday morning at the Communist workers conference before an audience of 2,500 people including more than 1,600 elected delegates representing the 1.5 million members. The repeated applause of the public (at least six instances of spontaneous applause) was an unambiguous declaration that the communist rank and file fully backs "the return to factories" decided by the party's governing group, but the cautious comments of Pizzinato, the enthusiastic ones of the more leftist unionists such as Bertinotti, and the cold judgments of the Socialists revealed at the same time that the general staff of the CGIL is shaken and divided.

The "new dialectics" between the party and union announced by Bassolino—"the union is independent of the party, and the party of the union, and each has its role"—marks the end of a 20-year period of relations based on a division of duties which left the CGIL in charge of social matters.

"For considerable time there has been a de facto delegation of social issues to the union and, to boot, to a union in crisis," said Bassolino, "and this delegating of responsibility has led to serious flaws in our way of living and working." The moment has therefore come to reconsider the issue of employee work as a "major general issue" and who, other than the PCI, the "party governing the working classes," can fill this role better? To do this a great organizational effort and a new "social rooting of the party" are necessary; a solid structure of party sections and cells must be constructed in the factories and offices.

The spring which triggered the Communist proposals to regain union control resides in the observation that "the neo-liberal offensive" (an expression used repeatedly by Bassolino) is showing signs of difficulty and growing

contradictions, from the stock market crisis to the recent successes of some union battles and demonstrations, to the "Mirafiori issue." Eight years after the defeat "Mirafiori and Fiat are addressing all of Italy once again and the 90 percent of the workers which voted is a sign of hope and confidence, the spark of a possible recovery of the working class initiative and struggle."

In Bassolino's entire speech the link between the "social reconquest and political reconquest of the working class" was continually present. The "modernization = progress" equation is false according to the PCI because new categories of unqualified work and modern forms of exploitation and alienation emerge; there arise health and safety problems in factories, work quality issues, as well as problems with illegal and black market work.

The Communist Party is now breaking into this field, which has traditionally been cultivated by the unions: labor reform and apprenticeship contracts; a broadening of workers' code to include small companies and civil service; the guaranteeing of a "minimum amount of work," especially for youths in the South; are all goals which Bassolino announced yesterday, together with a direct commitment to solving the Italsider controversy and the dispute over the Fiat workers' supplementary contract in which "the salary of a worker cries vengeance."

Special attention was devoted to the issue of women (the new unemployed are women to a great extent, but their presence in society and on the job market has become "visible, independent, and lasting" and raises the problem of accepting "sexual difference as a value").

But the most noticeable novelty of the Communist workers' conference was in the struggle to reduce the workweek (the 35-hour workweek in the up-and-coming contracts is seen as an "intermediate objective" toward the 30-hour workweek), a subject in which the PCI and CGIL have been opposed in the past. Bassolino reminded the audience that "it has been our issue" ever since the times of the young Marx, and that in this field the labor movement is considerably behind, partly because of the conflict which arose in past years between defending indexed wages (at the words "a just battle for which we are not sorry" a long round of applause broke out) and the reduction of the workweek promoted by the CISL.

The delegates and union members welcomed the catchword with notable ambiguity. Angelo Airoldi, the leader of the metallurgical and mechanical workers, defined the 30-hour objective as "suggestive when we already have our guns aimed at the 35-hour workweek." Pizzinato simply observed that the reduction in work time is a "strategic objective" and that it took 40 years to go from the 48-hour workweek to the 40-hour workweek. Even the CISL, which happily settled an old account with the

PCI through its assistant general secretary Mario Colombo, did not fail to point out that the reduction to 30 hours "is not a pet subject."

Another issue burst into the area with the help of Bassolino. The PCI gave its blessing to the dissolution of the CGIL's internal components; however, knowing very well that the Socialist component may be crushed, it attempted to reassure the PSI union members that their role would be given its proper value. Today's program (second and penultimate day of the conference) is overflowing with important addresses: from those of the

three general secretaries of the CGIL, CISL, and UIL, to those of Bruno Trentin and Ottaviano del Turco (the latter is promising sparks) as well as Reichlin, Tortorella, and Lama.

For the time being the counterattack announced by the PCI has touched on sensitive nerves, especially in the CGIL: what Socialists like Vegevani and Cazzola consider a "lot of empty words, a speech worthy of the French Communist Party, a return of Berlinguer following the unshakableness of Mirafiori, an overdose for the rank and file" is "a splendid address, a celebration" for communist Bertinotti and a "good speech" for Bruno Trentin. 13312/6091

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